



Daily Report

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Daily Report

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3 June 1992

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General

Official Pledges 'Cooperation' at Earth Summit

OW0306035592 Beijing XINHUA in English
0336 GMT 3 Jun 92

[Text] Beijing, June 3 (XINHUA)—China would take an active, pragmatic and cooperative approach towards the U.N. Conference on Environment and Development and work together with other countries to bring the conference to a successful conclusion.

This was stated by Chinese Vice-Foreign Minister Liu Huaqiu in an interview with XINHUA today on Premier Li Peng's participation in the conference.

Liu noted that Premier Li's participation in the conference "testified to the great importance the Chinese Government and people attached to world environment and development."

Liu said that the UN Conference on Environment and Development was opened on June 3 in Rio de Janeiro, Brazil. The summit would be held June 13-14 to adopt the principal documents and sign relevant conventions. Premier Li would attend the summit and deliver an important speech. Song Jian, state councillor and minister in charge of the State Science and Technology Commission, had already left for the ministerial meeting.

During the conference, the Chinese leaders would discuss major issues concerning world environmental protection and development with their counterparts from other countries, Liu said.

He pointed out that the issue of environment was a focus of concern to the international community since at stake was the very survival and development of mankind. In 1972, the United Nations sponsored the Conference on Human Environment. This conference on environment and development, a meticulously prepared and far-reaching one, would set a record after a lapse of 20 years in terms of representation, range of subjects under deliberation and level of participating officials.

Liu went on to say that during this conference, the "Rio Declaration on Environment and Development", "Agenda 21" and the statement of principle concerning forest issues would be adopted and the "Framework Convention on Climate Change" and "Convention on Biological Diversity" signed. These documents would contain the basic guiding principles for international cooperation in the fields of environmental protection and development and map out the overall strategy for trans-century global environmental protection, thus having a major impact on international cooperation in the fields of the global environmental protection and development in the 1990s and well beyond into the next century. Establishment of a "new global partnership"

called for by the conference would help promote north-south dialogue, south-south cooperation and international cooperation of a new type. Progress on major issues concerning financing and technology transfer would contribute to global environmental protection and international cooperation on the basis of equality and mutual benefit.

Therefore, Liu said, all countries attached great importance to and placed high expectations on this conference.

Liu Huaqiu said that since the convocation of this conference was first proposed at the 43rd UN General Assembly, countries throughout the world, the UN systems and secretariat of the conference had made a great deal of preparations. The preparatory committee had held four substantive meetings during which representatives of various countries engaged in lengthy discussions on the principal documents of the conference.

He said that the Chinese delegation had all along taken an active and constructive part in all these activities and made due contributions to the progress achieved so far. Last August, the Chinese Government submitted the "country report" on China's environmental protection to the preparatory committee. Last June, it sponsored the first ministerial meeting of developing countries on environment and development in Beijing which adopted the "Beijing Declaration" whose impact went far and wide.

The host of this conference, the Brazilian Government and people, had also made tremendous efforts and thoughtful arrangements for the successful convocation of the conference, Liu said.

He pointed out that as a large developing country with a huge population, China attached great importance to environmental protection and made it a basic state policy. It had formulated and implemented a series of effective principles and policies which formed an environmental protection strategy with Chinese characteristics. The sense of environment among the Chinese people had been enhanced noticeably. Over the past 10-odd years of reform and opening up, China's GNP [gross national product] had grown at an average annual rate of 9.6 percent while environmental quality remained quite stable with some improvement in certain aspects. Last year, the Chinese people, after successfully combating the most severe flood, promptly rebuilt their homes and restored the environment.

Liu Huaqiu said the Chinese Government attached great importance to international cooperation in the fields of environment and development and had made unremitting efforts in promoting this undertaking by participating with an active and responsible approach in the various international environmental protection activities and the drafting of the relevant conventions. "We maintained that environmental protection and development should complement and reinforce each other," he said.

Liu said that the urgent environmental and development issues facing developing countries should be given full

attention. In fulfilling the common task of protecting the global environment, developed countries should assume major responsibilities and take effective actions in terms of financing and technology transfer. The international community should tackle the environmental and development issues properly by taking into account the immediate interests of various countries and the long-term interests of the world on the basis of respecting the sovereignty of all countries.

"We had all along supported a positive role of the United Nations in this important field of international environmental protection and development which concerns the common interests of mankind. China was ready to do its utmost to push the conference to agreements that meet the needs of global environmental protection and development and to make its contributions to enhancing international cooperation and establishing a 'new global partnership'," Liu said.

Huang Hua Views 'New International Order'

OW0106183392 Beijing XINHUA in English
1800 GMT 1 Jun 92

[Text] Mexico City, June 1 (XINHUA)—Former Chinese Vice-Premier Huang Hua stressed the importance of establishing a new international order at the 10th meeting of the International Interaction Council which closed Sunday, according to reports from Queretaro, Central Mexico, today.

The interaction council is an influential group of former heads of state and government formed in 1983 to publicize their views on global issues.

Attending the queretaro meeting as an invited guest, the Chinese statesman, who was also former vice-chairman of the Standing Committee of the National People's Congress of China and former foreign minister, said that the quest for a new international order "reflects the desire of people of the world for a reasonable and healthy environment for peace and development."

"With the end of bipolar structure in the world," he said, "the inevitable trend is the evolution toward a multipolar world. The domination of a certain nation or a small group of nations has been proved untenable."

"At this historic juncture," he stressed, "the popular demand is to establish a new political and economic world order conducive to the realization of peace and development."

Huang Hua pointed out that the "governing principle" for establishing such a new world order should be "equality among sovereign states."

There are about 200 countries in the world and diversity is a basic feature of our global community. However there is a common denominator, i.e., all nations whether large or small are equal members of the world community, he said.

"Sovereign equality is a fundamental principle in international law, laid down in the U.N. charter. This principle remains in force, not out of date," he stressed.

"I would like to add here that all countries in the world are interdependent in many aspects," he said. "they should have mutual respect, seek common ground while putting aside differences."

"Each country for its own progress has to draw on the achievements of the world civilization as well as the strong points of other countries," he added.

U.S.-Russian Relations Remain Unsettled

OW3005101792 Beijing BEIJING REVIEW in English
No 21, 25-31 May 92 pp 10-11

[Article by Pu Qihua: "No Longer Foes, But Still Vigilant"]

[Text] The Russian Federation, the major republic of and successor to the disintegrated Soviet Union, has borne the brunt of the United States' diplomatic drive in the former Soviet area since Gorbachev's plan for a union disappeared into the pages of history.

This year's US-Russian relations are characterized by frequent exchange of visits by high-ranking US and Russian officials, which has promoted the development of their claimed partnership. Russian President Boris Yeltsin, when attending the United Nations Security Council summit meeting early February, paid a visit to the United States and met with U.S. President George Bush. In their joint communique, they declared that they will no longer see each other as potential enemies, but instead, they will be partners with shared values. They also committed themselves to promote closer cooperation in the fields of politics, economics, military and diplomacy.

Washington supported Russia as successor to the former Soviet Union in its UN Security Council permanent membership and its nuclear forces, thus helping it establish its "big-power" position in the West. In turn, Russia managed to meet Washington's interests in the Middle East peace conference, arms control, disarmament and withdrawal of former Soviet troops from Eastern Europe. Especially, Russia ideologically braces the West and carries out a Western-style reform in its social system.

Present U.S.-Russian relations are based on mutual need. On the part of the United States, it wants to integrate Russia into the Western world to serve its strategic purpose. For the Russia's part, it badly needs U.S. aid.

It is known to all that the Russian economy is deteriorating and almost in a mess. How to aid Russia and other former Soviet republics is an important factor in U.S.-Russian relations. When Yeltsin visited the United States, he appealed to the West to invest in his country

and extend assistance to help accelerate Russia's transition to a market economy. But the United States hesitated to move because of its serious economic recession, a rising sentiment for isolationism and the pending elections.

Then, in April, Bush announced a package of assistance to the Commonwealth of Independent States (CIS). According to the plan, the United States, along with its Western allies, will provide U.S.\$24 billion in financial aid to the CIS countries. U.S.\$6 billion will be used for stabilizing the ruble and the rest for stabilizing and readjusting the economy.

In addition, Bush will present an omnibus bill to the U.S. Congress to urge it to allow the United States to offer another U.S.\$12 billion to the International Monetary Fund. He suggested that restrictions on trade and investment in the former Soviet Union be lifted. Also, the United States will provide guarantees for U.S.\$1.1 billion in agricultural loans.

The U.S. move reflects a change in its policy. At present, Russia's reform is at a difficult stage and the prospect worrisome. U.S. politicians believe that it is imperative to provide aid to the CIS, or else the West will lose the historic opportunity to transform the former Soviet Union. Bush said that if the democratic reform in Russia failed, the West would lapse into a world darker than in the cold war era. Besides, Bush hoped to raise his prestige among the voters through a string of sensational diplomatic activities.

Before this package, the debtor republics of the former Soviet Union and the Group of Seven industrialized countries reached an agreement in January in Paris allowing the CIS to defer the repayment of its debt of U.S.\$80 billion. In addition, the United States supported Russia to participate in the International Monetary Fund and the World Bank at an earlier date in order to enable Russia to obtain loans from these two financial bodies.

Nuclear weapons are another factor in shaping U.S.-Russian relations. Washington is concerned about the danger of Soviet nuclear weapons getting out of control and of nuclear proliferation. It urged the newly independent former Soviet republics to abide by the U.S.-Soviet treaty on reduction of strategic nuclear forces by putting their nuclear weapons under the unified control of Russia.

Last December, the U.S. Congress agreed to allot U.S.\$400 million from the 1992 defence budget to help Russia and other former Soviet republics destroy or dismantle their nuclear weapons. When visiting Russia in February this year, U.S. Secretary of State James Baker promised to provide vehicles to help concentrate the former Soviet Union's nuclear weapons in Russia.

The United States, together with the European Community and Japan, also offered to finance the establishment of a scientific centre in Russia to attract the Soviet

Union's nuclear scientists and prevent them from being hired away by countries hostile to the United States.

Furthermore, the United States and Russia initiated new nuclear disarmament proposals aimed at reducing the number of warheads far below what the U.S.-Soviet nuclear weapons reduction treaty prescribes. Washington proclaimed that it will remove its 1,000 nuclear warheads targeting at the former Soviet Union, while Russia declared that its warheads will aim at no U.S. targets.

Though based on mutual needs, current U.S.-Russian relations still show much incoordination [as published] and many contradictions due to differences in their national interests and strategic position. The two countries remain vigilant over each other.

The United States has the fear that Russia would change into a despotic, nationalist country seeking to restore the Russia empire. Thus, the Pentagon still sees Russia as an imaginary enemy when mapping out future war plans. On the Russian side, it is worried that it will be treated as a second-class partner by the United States.

As for providing economic assistance to Russia, the United States, which suffers a serious recession, can hardly be of great help. Statistics show that of the US\$19 billion that Russia received from the West by January this year, the United States only shared U.S.\$2.5 billion. In investment, American business circles have taken a "wait-and-see" attitude.

To cripple Russia's military industry so that it will not be a future threat to the United States, Washington refused to import Russian space technology products and maintained strict restriction on technology exports to Russia.

The U.S. stand aroused Russia's resentment. Yeltsin complained that Western aid was just lip service and warned that the arms race, the cold war and the hot war would come back if Russia's reform failed.

On nuclear weapons, the two sides have shown an even deeper division. In putting forward the new nuclear disarmament proposals of January, the United States wanted to force Russia to further reduce its strategic nuclear weapons, especially the superior Russian land-based, multi-warhead, long-range missiles. But Yeltsin's proposal is aimed at forcing Washington to considerably cut its superior submarine-based strategic nuclear forces.

Yeltsin proposed to establish a "global defence system" against missile attacks in order to maintain a strategic parity with the United States and break its monopoly over anti-missile technology, and prevent the outflow of Russian nuclear specialists. U.S. Secretary of Defence Dick Cheney expressed his opposition to the proposal, considering it immature. Obviously, both the United States and Russia, out of consideration of their national interests, seek to develop a partner relationship, but there is still a gap between the desire and reality for them to bridge.

XINHUA 'Roundup' Views Multilateral Diplomacy

OW0206123692 Beijing XINHUA Domestic Service
in Chinese 0232 GMT 2 Jun 92

["Roundup" feature by reporter Zhou Shuchun (0719 2885 2504)]

[Text] Beijing, 2 June (XINHUA)—A series of active participation by China in international affairs—ranging from January's UN Security Council summit to this month's "Earth Summit," and from the international economic forum in Switzerland to the global forum in Brazil—indicates that multilateral diplomacy is becoming an increasingly important part of China's diplomacy. Active multilateral diplomatic activities have become a new feature of China's diplomacy.

As a new major move in actively pursuing multilateral diplomacy, Premier Li Peng will attend the summit of the UN environment and development convention to be held 12-14 June in Brazil's Rio de Janeiro and will deliver an important speech at the summit. This once again indicates that China attaches importance to promoting international cooperation in environmental protection and development sphere as well as promoting multilateral diplomacy.

This new feature of China's diplomacy came into being as the world situation changed. Viewed from a global perspective, historical development has imposed new demands on multilateral diplomacy, and, at the same time, has provided new opportunities. Following the collapse of the bipolar system characterized by U.S.-Soviet confrontation, the world has entered a turning period of upheaval. A new international order has not yet been established; various forces of the world are seriously out of balance; and the world is full with contradictions, turbulence, and uncertainties. Therefore, all countries all the more need to discuss through the United Nations and other multilateral diplomatic channels issues involving their common interests in order to coordinate their relationships and advance peace and development.

As a major developing nation and a permanent member of the UN Security Council, China can play an important role in promoting multilateral diplomacy. In recent years, especially since the beginning of this year, China has actively participated in multilateral diplomatic activities centered on the United Nations. China has upheld justice in the international arena, has safeguarded developing nations' interests, and has developed friendly relations with all countries.

Within the United Nations, China has actively participated in multilateral diplomatic activities in preserving world peace, controlling arms, safeguarding social human rights, and in other areas. In addition to playing an active part in bringing about a political solution to the Cambodian problem, China has contributed to preserving peace and justice by participating in international consultations on other major and delicate issues.

At an arms control meeting of the five major powers and also at other occasions, China has repeatedly expounded its arms control position of being "fair, reasonable, comprehensive, and balanced," and has actively promoted international cooperation in arms control. In addition, at a meeting of the UN Human Rights Committee, China, together with other Third World nations, foiled the attempt by a few nations to interfere in the internal affairs of other countries the pretext of "human rights."

The environment and development issue has reached a new sphere of multilateral diplomacy. China attaches great importance to this issue. The "Ministerial Meeting on Environment and Development in Developing Nations," initiated by the Chinese Government, was held in Beijing in June 1991. The meeting adopted the "Beijing Declaration," which is aimed at promoting international cooperation on environment and development issues. Authorities hold that China has played a crucial and constructive role in making preparations for this year's environment and development conference.

Regional cooperation is another important element of China's multilateral diplomacy. In November 1991, a Chinese delegation headed by Qian Qichen, state councillor and foreign minister, and Li Lanqing, minister of foreign economic relations and trade, attended the third ministerial meeting in Seoul of the Asian-Pacific Economic Cooperation Council. This was the first time that China attended the council's meeting. The media held that without China's participation Asian-Pacific economic cooperation would not be complete. Therefore, the meeting signified that a new dimension had been added to Asian-Pacific economic cooperation. In April 1992, the Chinese Government successfully held in Beijing the 48th meeting of the UN Asian-Pacific Economic and Social Council, making new contributions to promoting regional economic cooperation.

Through actively conducting multilateral diplomacy, China has further strengthened unity and cooperation with the vast numbers of developing nations. The ministerial meeting of the Coordination Bureau of the Non-aligned Movement held in Bali during May, unanimously agreed to accept China as an observer member of the Nonaligned Movement. Following the establishment of these formal relations, cooperation between China and this international organization, which has more than 100 formal member countries, will enter a new development stage. At the same time, new development has been made in China's relations with the "Group of 77." During the preparations for the environment and development conference, China and the "Group of 77" jointly forwarded motions reflecting the interests of the developing nations for the "Rio Declaration" and other important documents to be discussed and adopted by the conference. Observers hold that China has always supported the just position held by the "Group of 77" and that now it has gone further to take part in the group's consultations and to jointly work out documents. This

signifies that China has greatly strengthened its cooperation with this group, which represents more than 100 developing countries.

It should be pointed out that China's pursuit of multilateral diplomacy also has accelerated the development of bilateral relations between China and some Western countries. For example, while attending a UN Security Council summit on 31 January, Premier Li Peng had a meeting with U.S. President George Bush at the UN headquarters to exchange views on bilateral relations and international issues of common interest. Undoubtedly, this has had positive influences on the following improvement of Sino-U.S. relations. Through activities marking the 20th anniversary of the restoration of Sino-Japanese diplomatic relations and the exchange of visits by high-ranking Chinese and Japanese leaders, the friendly and cooperative relations between the two countries have developed day by day. At the same time, relations and economic and trade cooperation between China and West Europe are being further restored and developed.

China also has not neglected using nongovernmental multilateral activities to promote friendship with the peoples of all countries, enabling the world to know more about the results of China's reform and opening up. During his visit to West Europe in late January, Premier Li Peng attended the opening ceremony of the annual meeting of the World Economic Forum in Switzerland, the purpose of which was to study world economic issues and to promote international economic cooperation. Li Peng also gave an address at the opening ceremony. In late May, a Chinese people's environmental delegation left for Rio de Janeiro to attend a global forum meeting that will be held in conjunction with the "Earth Summit."

It can be foreseen that, as the scope of China's reform and opening up is expanded and as the world develops into a multipolar setup, China's multilateral diplomacy will be more active. This not only will create a better international environment for China's modernization drive but also will enable China to make greater contributions to world peace and development.

United States & Canada

Reportage on 1-Year Extension of MFN Status

Bush Issues Statement

OW0306010392 Beijing XINHUA in English
0032 GMT 3 Jun 92

[Text] Washington, June 2 (XINHUA)—U.S. President George Bush informed Congress today that he had decided to extend China's Most Favored Nation (MFN) trade status for another year, the White House announced.

"In making this important decision," the White House spokesman Marlin Fitzwater said in a written statement,

"the President stressed that it is wrong to isolate China if we hope to influence China."

He also said, "we have generated positive results without withdrawing MFN from China. Withdrawal of MFN would inflict severe costs on American business people, investors, and consumers. It would mean lost jobs and failed businesses in the United States and a multibillion dollar surcharge on American consumers' imports."

"Short of fully normal relations, maintaining a constructive policy of engagement with China has served U.S. interests," Fitzwater said.

He described the Bush administration's "direct engagement" with China as a "successful policy" on the whole. Therefore, he stressed, "we intend to maintain it in order vigorously to protect American interests while we promote positive change in China."

Under the U.S. law, the President must decide whether to extend or withdraw China's MFN status on a year-by-year basis. The deadline for such a decision is June 3. Congress then has 90 days to act on the President's plan.

Earlier in March this year, President Bush won the fight for unconditional extension of China's MFN for 1992-93 after the Senate failed to override the President's veto of a congressional bill calling for conditional extension.

Local reports show that opponents of the Bush administration's China policy in Congress are exploring new ways to block an unconditional renewal. A "tough fight" is likely to lie ahead, some observers predicted.

Beijing 'Appreciates' Proposal

HK0306102492 Beijing ZHONGGUO XINWEN SHE
in Chinese 0945 GMT 3 June 92

[Text] Beijing, 3 June (ZHONGGUO XINWEN SHE)—A Chinese Foreign Ministry spokesman today expressed appreciation of U.S. President Bush's proposal to the U.S. Congress of unconditionally extending China's most favored nation [MFN] status in answer to a reporter's question.

The reporter asked: What is your comment on U.S. President Bush's 2 June proposal to Congress that China's MFN status be extended unconditionally?

The spokesman replied: The Chinese Government appreciates the realistic and wise decision made by President Bush. MFN status is the foundation for Sino-U.S. trade and economic relationships and a reciprocal and mutual arrangement between China and the United States. Such an arrangement is good for safeguarding and developing economic and trade cooperation between the two countries and for the promotion of further improvement in Sino-U.S. relations. It helps preserve and promote the economic prosperity of Hong Kong and the Asia-Pacific region.

The Chinese Government has always valued Sino-U.S. relations highly and hopes that both sides will make

common efforts to continue to improve bilateral relations on the basis of the principles of the three Sino-U.S. Joint Communiqués. This represents the common interest of both sides.

Columnist on Extension

HK0306112692 Hong Kong HSIN WAN PAO
in Chinese 3 Jun 92 p 3

["Evening Talk" column by Yang Chu (5017 2612): "Most Favored Nation Status Extended for Another Year"]

[Text] Yesterday, Bush notified the U.S. Congress that he had decided to extend the most favored nation [MFN] status to China for another year.

The extension did not have any strings attached.

In March this year, Bush vetoed a Congress motion giving China MFN treatment with conditions.

Bush explained the reasons for this decision through his White House spokesman, Fitzwater. The first reason is: "It is wrong to isolate China, if we wish to influence it."

True enough, it is wrong to isolate China but nor can China be isolated. This was proved during the Korean war in the 1950's. Historical experience merits attention. This is an attitude of a wise man. A foolish person may take an entirely opposite attitude and he may often run into snags.

As to the question of influencing China, I am afraid we should recognize it in this way: All objective things can have influence on other things around them. If Bush referred to this kind of influence, it is nothing abnormal. A healthy body can quickly accept good influences to enhance its vitality. It also has powerful immunity to resist and eliminate bad influences.

If what Bush referred to was not this kind of influence but interference in China's internal affairs, I am afraid it was only a vain hope. They should know clearly Beijing's stand.

The White House statement held some truth: "Implementing a constructive policy of maintaining contacts with China is conducive to U.S. interests but abolishing China's MFN status will bring great losses to U.S. businessmen, investors, and consumers." It is said that these losses include unemployment for many Americans and the billions of U.S. dollars in additional charges consumers will be forced to pay.

According to U.S. law, Congress still has 90 days to try to prevent the President from putting his decision into effect. Judging from past experiences, if the opposition faction cannot obtain the necessary two-third majority vote, it seems the matter has already been settled.

Article Views MFN Status

HK0306005492 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 0650 GMT 2 Jun 92

["Special article" by Xin Wen (2500 2429)]

[Text] Hong Kong, 2 Jun (ZHONGGUO TONGXUN SHE)—U.S. President Bush will soon decide whether or not to extend China's most-favored-nation [MFN] trade status. According to the developments of Sino-U.S. relations in the recent period, there is a good chance for China's MFN status to be extended this year. However, in view of the long-term economic interests of both China and the United States, the United States should revoke its unfair policy of examining China's MFN status every year so that Sino-U.S. trade can be conducted in a normal environment. This will enable Hong Kong and American businessmen to formulate, with assurances, their long-term plans for developing their businesses in Mainland China, and will be conducive to the long-term economic interests of the three sides, namely, China, Hong Kong, and the United States.

In recent years, China has taken a positive attitude in opening its market to participate in international trade. With regard to the Article 301 investigation of Sino-U.S. trade, Assistant U.S. Trade Representative Joseph Massey admitted that China had made substantial progress in opening its market and increasing market transparency. This included the import licenses and tariffs arrangements and China's willingness to open its trade policies.

However, the U.S. trade policy tends to adopt dual standards. While going all out to advocate multilateral trade in the international community, the United States, in fact, uses such means as the MFN status, the Multi-fiber Agreement, and antidumping accusations to pursue a bilateral or even unilateral trade policy. Moreover, the implementation of these policies is often affected by various political factors. For example, political considerations often outweigh economic considerations when the United States decides whether or not to give MFN status to a certain country.

In recent years, Hong Kong and American businessmen have been continuously increasing their investment and trade in the Chinese mainland. In particular, the mainland's coastal economic zones have become an important target of investment of Hong Kong businessmen. At the same time, American companies have also been continuously expanding their business in Hong Kong. All this shows that economic development between the three sides of China, Hong Kong, and the United States is getting increasingly closer. If the United States revokes China's MFN status, Sino-U.S. relations will inevitably worsen. Both China and the United States will suffer serious setbacks in the economic aspect. Not only will this affect China's trade with the United States, but the American companies' investment and trade in Mainland

China and Hong Kong will inevitably suffer losses and the Hong Kong economy will also be harmed to a serious degree.

According to a Hong Kong Government appraisal, once China loses its MFN status, Hong Kong's overall trade volume will lose 91-123 billion [currency not specified]; Hong Kong will lose income by 12-16 billion; Hong Kong's gross domestic product will decrease 1.8- 2.5 percent; and Hong Kong's economic growth rate will be lowered by one-third to one-half. In addition, Hong Kong will lose more than 40,000 jobs. The U.S. side will also lose some \$7 billion of export income and 100,000 jobs.

Because the United States examines China's MFN status every year, a psychological shadow is cast on the Hong Kong and American businessmen who plan to invest in Mainland China. In particular, this has affected the formulation of their long-term investment plans. Therefore, as relations between China and the United States are gradually improving, and China has adopted a positive and cooperative attitude on the issues of intellectual property rights and market opening and is making advances toward international standards, the United States should consider revoking its unfair policy of examining China's MFN status every year so that China, Hong Kong, and the United States will all benefit from the stabilization of the trade policy.

U.S. To Sell Saudi Arabia \$1.8 Billion in Arms

OW0306012592 Beijing XINHUA in English
0039 GMT 3 Jun 92

[Text] Washington, June 2 (XINHUA)—The Pentagon announced today it had informed Congress that it intends to sell Saudi Arabia 1.8 billion dollars of helicopters, missiles, rockets and other military equipments and services.

In a statement, the Pentagon said "this sale will contribute to the foreign policy and national security of the United States by helping improve the security and self-defense of a friendly country."

The sales include:

- 606 million dollars for 362 "Hellfire" missiles and 3,500 Hydra-70 rockets;
- 495 million dollars for "contractor maintenance and training technical services" to support Saudi Arabia's fleet of F-15 fighters;
- 400 million dollars in services to update the Saudi Army's Ordnance Corps' logistics system;
- 223 million dollars for eight UH-60 Medevac helicopters, spare engines, repair parts, support equipment and training;
- 157 million dollars for maintenance, training and support services for the Saudi fleet of F-5 fighters aircraft.

Congress has 30 days to block them, but no such action is anticipated, Pentagon officials said.

Senior Pentagon Official Criticizes SDI Program

OW0306042592 Beijing XINHUA
in English 0327 GMT 3 Jun 92

[Text] Washington, June 2 (XINHUA)—America's Congress-approved anti-missile program could run into costly and crippling problems, a senior Pentagon official was quoted by the NEW YORK TIMES today as saying.

David Chu, assistant secretary of defense for program analysis and evaluation, made his comments in internal Pentagon documents relating to the strategic defense initiative (SDI), the paper said.

Last year, Congress approved a plan to deploy a land-based anti-ballistic missile system comprising 100 rocket-propelled interceptors at a North Dakota Air Force Base. 1996 is the target year for deployment.

Comprehensive protection of the United States from a variety of threats would require the deployment of seven similar systems across the country at a total cost of 35 billion dollars.

Chu was quoted as saying the plan was too risky.

It was "almost certain to suffer early, significant cost growth and schedule slippage" because little of the initial apparatus would be tested thoroughly before manufacture, he said.

Chu called for a seven year delay in the program to allow prototype arms and other anti-missile apparatus to be thoroughly tested.

In this way, any necessary modifications could be made before the systems went into mass production, he said.

Central Eurasia

Heilongjiang, Russia Increase Border Trade

OW0306144592 Beijing XINHUA in English
1432 GMT 3 Jun 92

[Text] Harbin, June 3 (XINHUA)—The total volume of Sino-Russian trade is expected to surpass five billion U.S. dollars-worth, and border and regional co-operation will play an increasingly bigger role in mutual trade in the future, according to a diplomat from the Russian Embassy in Beijing.

Aleksandr Kachanov, trade representative of the Russian Embassy in Beijing, said in a recent interview with XINHUA in Beijing that Russia and China have the longest mutual boundaries in the world. In addition, the similarity in economic structure and mutual complementarity of their economies make both the countries interested in expanding trade and developing co-operation.

Local officials from Heilongjiang Province in northeast China expressed the same ideas. The province has a border of more than 3,000 km with Russia and it holds the biggest share of Sino-Russian border trade.

A spokesman for the Heilongjiang provincial government said that although Russia has economic difficulties at present, it is still a trading partner with great potential. The development of border trade and regional co-operation with Russia is a long-term policy of the provincial government.

It was in 1983 that China and the former Soviet Union restored border trade. In the following five years the border trade volume reached a total of 100 million Swiss francs-worth, while the 1990 border trade volume reached 720 million Swiss francs-worth. Last year it rose to 1.6 billion Swiss francs-worth.

Deputy Mayor of Harbin, the provincial capital, Du Xianzhong said he believed that the economic co-operation between Heilongjiang and Russia and other members of the Commonwealth of Independent States has bright and optimistic prospects. In March this year he headed a delegation to Russia, Byelorussia and Ukraine.

He predicted that in three to five years Russia will witness an economic recovery.

Agreeing with Kachanov's views, Du Xianzhong held that strong mutual complementarity exists between China and Russia in natural resources, industrial and product structure, and market demand.

He particularly mentioned the Far East and Siberia as areas of Russia with which China can co-operate; these areas are strong in energy, chemicals, metallurgy, forestry and machinery, but weak in agriculture and light industries and short of labor.

At present barter is the major pattern in Sino-Russian border trade, with both sides seeking to expand trade and economic co-operation fields.

As Russia is speeding up the privatization process of its state-owned enterprises, Du said, in the following years more and more enterprises will participate in border trade, and the Chinese side will gradually shift the focus of trade relations to enterprises instead of government departments.

Kachanov said that many Russian foreign trade units which are bartering with China hope to seek more advanced trade patterns, such as co-operation in production, technological exchanges, and establishment of co-operative enterprises in both countries.

Harbin is to hold its third border trade and economic co-operation fair soon. Over 3,600 Russian businessmen are expected to attend. Kachanov said that during the fair the two sides will negotiate projects such as china's technological remodeling, exchange of experts, sending Chinese workers to Russian industrial and agricultural

enterprises and the contracting of Russian construction projects by Chinese construction units.

The Heilongjiang provincial government also cherishes great hopes of enlarging economic and trade co-operation with Russia at the fair.

Yeltsin Threatens Legal Action Against Gorbachev

OW0306035192 Beijing XINHUA in English
0216 GMT 3 Jun 92

[Text] Moscow, June 2 (XINHUA)—Russian President Boris Yeltsin warned former Soviet President Mikhail Gorbachev today that "legal measures will have to be taken" to stop him from talking unfavorably about the reform.

Yeltsin's press secretary says in a statement issued today that Gorbachev has been making speeches incompatible to his capacity as a former president.

The statement accuses Gorbachev of "talking in a lecturing manner" to the Russian Government and president over reform, which Gorbachev did not have the courage to undertake during his six years in office.

It says that Gorbachev's talks "are aimed at aggravating the political tension, the essence of which is to undermine socio-political stability of the country."

"The president of Russia cannot but remind Gorbachev that giving such talks is dangerous and intolerable," says the statement.

Of late, Gorbachev often openly expresses pessimistic views about Russia's situation and economic reform and criticizes Yeltsin and his government.

Apart from their difference over the current situation and future development, Gorbachev and Yeltsin also interpret differently the agreement on the power transfer in December last year.

Yeltsin said Gorbachev had promised not to undertake political activities after his resignation while Gorbachev argued that he had only promised conditionally not to become Yeltsin's opposition.

Southeast Asia

Hainan Official Meets With Laotian Delegation

HK3005040292 Haikou Hainan People's Radio
Network in Mandarin 2300 GMT 23 May 92

[Text] Wei Zefang, provincial party committee standing committee member, met in Qiongyan Hotel's Haifeng Hall yesterday evening with a 10-member delegation of the Office of the Lao People's Revolutionary Party [LPRP] Central Committee headed by Somsavat Lengsavat, member of the LPRP Central Committee and head of the LPRP Central Committee Office and the Lao Prime Minister's Office.

Zhu Shanqing, deputy director of the CPC Central Committee International Liaison Department, was also present during the meeting.

On behalf of the Hainan Provincial CPC Committee, Wei Zefang extended welcome to the Laotian delegation's first visit to Hainan and gave an account of both developments and changes witnessed in Hainan over the past four-odd years ever since Hainan was turned into a province and a special economic region.

The Laotian Central Office Delegation is scheduled for a week-long sightseeing visit in Hainan, during which it will mainly study Hainan's reform and opening up situation and exchange views with various departments concerned.

SRV Light Industry Minister Visits 21-30 May

BK0206152992 Hanoi VNA in English
1441 GMT 2 Jun 92

[Text] Hanoi VNA June 2—Vietnam's Minister of Light Industry Dang Vu Chu visited China from May 21-30. While there Mr. Chu held talks with his Chinese opposite number Mr Zeng Xianlin. The two officials discussed measures to enhance cooperation between the two ministries. Mr. Chu also had working sessions with Ms Wu Wenying, minister of textile industry, and a number of Chinese companies and businessmen. He toured a number of light industry establishments in Beijing, Guangzhou and Shanghai. On May 29, Minister Chu and his party were received by Vice-chairman of the Standing Committee of the National People's Congress Yan Jici who welcomed the success of the visit and said that it would usher in bilateral cooperation in light industry between the two countries, and cooperation and friendship between the two peoples as a whole. For this part, Minister Chu hailed the achievements recorded by the Chinese people over the past more than ten years in their renovation process, and expressed Vietnam's desire to develop cooperation between the two countries in the field of light industry.

Near East & South Asia

Qian Qichen Receives Visiting Egyptian Minister

OW0206124992 Beijing XINHUA in English
1233 GMT 2 Jun 92

[Text] Beijing, June 2 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen held friendly talks this afternoon with Mokhles Gobba, the visiting Egyptian assistant foreign minister.

Qian said that both countries advocate the establishment of a just and reasonable new international order, which should be based on the principle of the equality of all countries and the five principles of peaceful co-existence.

This new order would be conducive to world peace and development and would be in the best interests of all countries, he added.

Concerning the Middle East issue, Qian said that China appreciates the great efforts the Egyptian Government has extended to the peace process in the Middle East.

He noted that Egypt has opened a way to solve conflicts through peaceful negotiation. Egyptian actions have been proven correct, said Qian, noting that war cannot solve regional issues.

Gobba conveyed regards of Egyptian President Husni Mubarak to Chinese leaders.

"Egypt appreciates the important role China is playing in international affairs," said Gobba. He also noted that it is not only important, but also beneficial for the two foreign ministries to exchange views during a time when the world is undergoing great changes.

Chinese Vice-Foreign Minister Yang Fuchang held talks with Gobba on Monday, and they exchanged in-depth views and reached a consensus on international issues, the establishment of a new world order, the Middle East peace process, and ways to enhance bilateral relations.

Gobba arrived here May 31 at the invitation of the Chinese Foreign Ministry.

Former NPC Leader Meets Indian Visitors

OW0206131992 Beijing XINHUA in English
1244 GMT 2 Jun 92

[Text] Beijing, June 2 (XINHUA)—Chu Tunan, former vice-chairman of China's National People's Congress Standing Committee, met with B.N. Pande, president of the India-China Society and member of the Council of States of India, and his wife here this evening.

Pande, 88, visited China in 1976 and 1982 respectively. When Chu, 93, visited India in 1983, he was warmly received by Pande. In recent years, the Indian couple have been working hard for developing friendly relations between India and China.

The Indian guests arrived here May 31 at the invitation of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC). In addition to Beijing, they are also scheduled to visit other Chinese cities including Xian, Guilin and Guangzhou.

CPAFFC President Han Xu and Indian Ambassador to China Salman Haidar were present at the meeting.

Xinjiang Official Meets With Pakistani Visitors

OW0206165092 Urumqi XINJIANG RIBAO
in Chinese 21 May 92 p 1

[“Abulaiti Abudurexi Meets Pakistani Visitors”]

[Text] Abulaiti Abudurexi [7093 0008 0171 2251 7093 0008 6757 3583 6007], vice chairman of the autonomous region, met with a visiting government delegation from the Northern Territories in Pakistan on the evening of 20 May.

The 12-member delegation, led by Northern Territories Chief Executive (Yinaya Tulahan), arrived in Kashi on 15 May. After attending the annual Sino-Pakistani border area talks, the delegation arrived in Urumqi on 19 May for a four-day sightseeing tour.

Abulaiti Abudurexi warmly welcomed (Yinaya Tulahan) on his second visit to our region. He said: China and Pakistan enjoy a traditional friendship, and economic exchanges and friendly relations between our two regions have developed steadily. In a briefing on Xinjiang's reform and openness, he said: Xinjiang will extensively develop a variety of trading activities with neighboring countries. He expressed his belief that the visit would surely advance existing economic and trading relations between the two regions.

After the meeting, Abulaiti Abudurexi hosted a reception for (Yinaya Tulahan) and his entourage.

Sub-Saharan Africa

XINHUA Reports on ANC's Economic Strategy

*OW0106162392 Beijing XINHUA in English
1449 GMT 1 Jun 92*

[By Teng Wenqi]

[Text] Johannesburg, June 1 (XINHUA)—The African National Congress (ANC) has adopted an economic policy guideline advocating a mixed economy that includes free market principles.

"Such a mixed economy will foster a new and constructive relationship between the people, the state, trade union movement, the private sector and the market," said the economic policy guideline, adopted at a four-day national policy conference which ended here yesterday.

The document also includes possible nationalization of some industries, with compensation, as a possible measure to redistribute wealth from the white minority to the black majority.

The document said "the central goal of ANC economic policy is to create a strong, dynamic and balanced economy that will be directed towards growth."

The basic objectives of the ANC economic policy include achieving the right of all South Africans to political and economic self-determination in a united South Africa, overcoming the legacy of inequality and injustice created by colonialism and apartheid, improving the quality of life of all South Africans, and creating a universal sense of freedom and security in the country.

On the policy of foreign investment, the document said "in a democratic South Africa, the ANC will welcome foreign investment, in accordance with our objectives for growth and development, and will adopt an approach to the entry of foreign investment."

It also stressed that "the principle of national treatment will apply to foreign investment."

BUSINESS DAY newspaper said the ANC economic policy took "a tough line on foreign investment," while THE STAR newspaper listed a range of restrictions and conditions the ANC would impose on foreign investment.

XINHUA on Prospects for Sudanese Peace Talks

*OW0106000792 Beijing XINHUA in English
2347 GMT 31 May 92*

[Roundup by Zhai Jingsheng: "Sudanese Talks Resume With Enhanced Hope for Peace"]

[Text] Lagos, May 31 (XINHUA)—The Sudanese Government and rebels will meet on Monday to resume their first serious peace talks since the breakout of a civil war nine years ago, heightening the hope for an early end to the bloodshed which has claimed hundreds of thousands lives and made numerous others homeless.

The Nigeria-brokered formal peace talks, kicked off last Friday in Nigeria's new capital of Abuja, were preceded by a preparatory meeting last Wednesday and Thursday which yielded a consensus on the agenda of the seven-day negotiations.

During the preliminary session, delegates from the warring factions agreed to take onto the agenda the rebel demand for a national referendum in southern Sudan to decide the national identity of the Christian and Animist in the area, paving the way for further dialogue.

Under the adopted agenda, the peace talks began with the consideration of such negotiation principles as to what constitute the Sudanese national identity, the fundamental human rights and the basis for national unity.

The second and third phases will deal with the nature of the state and the redistribution of national wealth as well as allocation for relief, rehabilitation and reconstruction.

The fourth phase will center on the nature of the judicial system under the new Sudan and the participation in the government of the opposition Sudan People's Liberation Movement (SPLM) and its military wing. At the fifth stage, delegates are expected to deal with interim arrangement and permanent constitution for the country.

At the opening preliminary session last Wednesday, the government chief negotiator, Mohammed Khalifa, rang a reconciliatory tune by calling on "brothers from the two factions of the movement to achieve peace by the same degree of open mindedness, determination and keenness."

He also appealed for "a comprehensive, durable and just peace for the welfare of our country and people, spare the blood of our citizens and face together the intricate problems of reconstruction, resettlement, achievement of global and balanced development throughout Sudan."

Besides, the government voiced its readiness to make concessions including the adoption of federalism, an equitable sharing of wealth, a general amnesty for soldiers of all warring groups, and the creation of a transitional government where all groups will be effectively represented.

However, just when the warring factions sat down around the negotiating table, the government troops launched severe offensives and captured rebel stronghold Kapoeta, some 75 kilometers from the Kenyan border.

Prior to the talks, the government forces successfully cut into the territory held by the Sudan People's Liberation Army (SPLA), compelling its leader, Col. John Garang, to flee his headquarters in Torit, 120 kilometers east of the Nile in southern Sudan.

In an apparent bid to pressurize the rebels into accepting peace, the government has thus far ruled out the possibility of a cease-fire in southern Sudan before progress is made in peace talks.

Observers here said that a string of stunning military defeats on the part of the rebels as well as the flexibility of the government has made it possible to initiate the belated negotiations which are raising hopes for a lasting solution to the prolonged conflict.

The non-stop fighting, which broke out in 1983, combined with ruthless drought, has reportedly killed as many as 500,000 civilians in Sudan. At present, there are an estimated 1.8 million displaced people living in the shanty towns around the capital city of Khartoum.

Drought Aid to Southern Africa To Continue

OW0206104592 Beijing XINHUA in English
1026 GMT 2 Jun 92

[Text] Geneva, June 2 (XINHUA)—China will continue to contribute food and other assistance to the drought-stricken southern Africa, a Chinese representative said here today.

The contribution will be conducted through bilateral channels, said Fan Guoxiang, Chinese representative at the international pledging conference on the drought emergency in southern Africa.

Many areas in China were severely ravaged by the biggest flood for decades, resulting in tremendous economic losses last year. Therefore, China understands the difficulties the southern African people now face, he said.

Despite the natural calamities at home, the Chinese Government has made great efforts in contributing food and other relief materials to Botswana, Zimbabwe, Zambia and other countries through bilateral channels, he stressed.

The pledging conference was attended by hundreds of representatives from nearly 100 countries and the U.N. organizations concerned. It opened on Monday and will end Tuesday.

West Europe

NPC Leader Rong Yiren Ends Visit to Britain

'Optimistic' About Trade

OW0306042692 Beijing XINHUA in English
0335 GMT 3 Jun 92

[Text] London, June 2 (XINHUA)—The Vice Chairman of the Standing Committee of China's National People's Congress (NPC), Rong Yiren, ended his six-day visit to Britain today and left for home.

During his stay, he held talks with industry and trade officials and financial and business leaders on further economic cooperation between Britain and China. He also briefed them on the continuing economic reform in China.

"I am optimistic and confident about the future of Sino-British economic and trade relations," he told reporters before his departure, adding that economic cooperation would improve under the efforts of the two countries and their businesses.

Rong visited London, Birmingham and Edinburgh. As a result of his visit to Britain, a large British trade delegation will visit China later this year and China will send a delegation to Britain to buy advanced equipment needed in China.

Holds Interview With Press

HK0306094092 Hong Kong TA KUNG PAO
in Chinese 3 Jun 92 p 2

[Dispatch from London by staff reporter Huang Nien-Szu (7806 1819 2448): "Rong Yiren Meets the Press in Great Britain"; place and date not given]

[Text] London, 2 Jun (TA KUNG PAO)—Rong Yiren, vice chairman of the National People's Congress and chairman of China International Trust and Investment Corporation [CITIC], granted an interview to Chinese, Hong Kong, Taiwan, and British reporters last night before concluding his visit to Britain. He talked about his impression of the visit, Sino-British trade prospects, and problems relating to Hong Kong and Taiwan. The interview follows.

Visit to Britain Scores Results

[Unidentified Reporter] What has impressed you most during your visit to Britain?

[Rong Yiren] I am most impressed by my British friends in commercial and industrial circles for their extensive interests in conducting economic exchanges with China. At the seminars during the visit or when I exchanged ideas with persons from all walks of life, I found that all our British friends hope to improve Sino-British economic relations.

[Reporter] The current Sino-British trade volume is not big. Do you think there is room for development in Sino-British trade? Are you happy with the current situation of Sino-British trade?

[Rong Yiren] The amount of Sino-British trade last year was not good enough. Next month, a Chinese purchasing team will come to Britain, and I hope this will help to increase the Sino-British trade volume.

[Reporter] You have seen the British secretary of trade and industry today. Please say something in this regard.

[Rong Yiren] We have discussed the topics of interest to both sides. We all hope and believe that Sino-British trade and economic exchanges will develop. Secretary of Trade and Industry Heseltine is very happy with the economic growth in China.

[Reporter] What is Hong Kong's role in Sino-British trade?

[Rong Yiren] The prosperity and stability in Hong Kong itself plays an important role in promoting the development of Sino-British economic relations, and at present some portion of Sino-British trade is conducted via Hong Kong.

[Reporter] Does CITIC have any plans to invest in Europe and Britain? What arrangements is your corporation making concerning overseas investment?

[Rong Yiren] CITIC has made some preparations in this regard, but let the results tell you the concrete arrangements. For example, CITIC has made some investments in Britain, though the scale is not large. The Ka Wah Bank currently has an office in London, and I hope it can change into a branch. As a window of reform and opening up in China, CITIC has carried out exchanges and cooperation with foreign countries, therefore, it has developed extensively in the areas of industry and trade. Our purpose is to carry out reciprocal and equal cooperation with foreign enterprises, and to make investments mainly in the area of overseas raw materials according to our needs at home.

[Reporter] What achievements in promoting Sino-British economic exchanges have you made during your visit here?

[Rong Yiren] Both the Chinese and British sides not only have the wish, but also the concrete moves to enhance

economic exchanges. We will soon dispatch a buying team to Britain and in October this year a large British trade delegation of nearly 100 people will visit China, and this is practical action. I hope all these will score good results. I have had extensive contacts during my visit to Britain here and the concrete results will be implemented in the work to be done.

On the Hong Kong Problem

[Reporter] In a recent speech you mentioned that China hopes Hong Kong can build an economical and practical airport. Have you expressed China's worries on the excessive debt being caused by Hong Kong's new airport during your contacts with British officials and enterprise circles this time?

[Rong Yiren] During my trip I have not touched on this matter very much. However, China's position is very clear, that is, China will strictly abide by the agreement signed by both the Chinese and British sides and act according to the Memorandum of Understanding concerning Hong Kong's new airport.

[Reporter] The liberals and those with different opinions in Hong Kong might adversely affect Hong Kong's peaceful transition to 1997 or might affect the realization of one country, two systems. Are you concerned about this?

[Rong Yiren] We believe that democracy must be protected by law as well as restrained by law. China and Britain have reached an agreement on Hong Kong's future and now there is the Basic Law, which must be strictly observed. Those who play with fire and do not do things in pursuance of the law will burn their own hands.

[Reporter] Do you think that all the members of the Hong Kong Legislative Council can be elected after 1997?

[Rong Yiren] The Basic Law has strict stipulations on this and the Chinese Government will strictly abide by the Basic Law.

[Reporter] Hong Kong has invested in many places in Guangdong and this is certainly an outcome of political changes. Do you think that China will be divided into two parts, with one part being the rich southeast and the other part the poor northwest? Is there indeed such a danger?

[Rong Yiren] Saying this shows at least a lack of understanding of China. China has been unified for years and whoever wants to destroy China's unification must watch out for himself.

Bright Prospects for Sino-British Economic and Trade Relations

[Reporter] After having visited, what are your estimates on the prospects for Sino-British cooperation?

[Rong Yiren] China is a developing country with great potential strength, and Britain is a developed country with a long history of economic development. Cooperation between both sides will bring benefits to both countries and, therefore, I am very optimistic about Sino-British economic exchanges.

[Reporter] China's foreign trade volume amounted to \$139 billion last year, but Sino-British trade was only \$2 billion. In your opinion, what was the main obstacle causing the less than ideal figure last year?

[Rong Yiren] We cannot explain the problem only by looking at the figure, and what exists between China and Britain is more than direct trade. However, regarding the main direction, I think there is great room for development in Sino-British trade. As for this year, I can say that the results will be better than last year.

[Reporter] Could we say that not only British enterprise circles but also the British Government attach great importance to the Chinese market?

[Rong Yiren] I think so. My impression from my contacts with the British officials is that they all want very much to develop Sino-British economic relations.

[Reporter] Three years ago, Tianjin wanted to develop a Chinatown in East London's Docklands. At that time, I heard that CITIC was also interested in this project. May I ask how things are going now?

[Rong Yiren] I visited East London's Docklands four years ago, and I felt the project was too big. So, at that moment, I did not consider investing in the place.

[Reporter] But are you relaxed now?

[Rong Yiren] We must not be too ambitious! Before doing everything, we must consider our own strengths.

Relations Across the Taiwan Strait

[Reporter] I have heard that you will meet the chairman of Taiwan's industrial federation this summer in Hong Kong. What outcome do you expect?

[Rong Yiren] I have not heard this news.

[Reporter] Economic ties between Taiwan and the mainland are increasingly close, but political ties are seemingly not very intimate, and how would you say this conflict can be solved?

[Rong Yiren] We have already proposed the "one country, two systems" principle for doing things; that both sides discuss matters by the way of talks; and that the first thing to do is to establish the "three links."

[Reporter] Suppose Taiwan cannot accept the relevant conditions, then what will you do?

[Rong Yiren] We will wait. People in Taiwan understand what is good for them, because, it is abnormal if China is not reunified.

[Reporter] Do you consider the current situation abnormal?

[Rong Yiren] Yes, I do.

[Reporter] If you go to Taiwan, do you feel Taiwan is your friend or enemy?

[Rong Yiren] Taiwan compatriots are our brothers, and I have been in Taiwan. I went there in 1948. No matter what, we must reunify eventually.

[Reporter] Does that mean it must be done according to the conditions set forth by the CPC? Do you think there is room for negotiation?

[Rong Yiren] It is untrue that there is no room for negotiation on our side. It is the Taiwan authorities who lack the mind to do work in this regard.

[Reporter] Why do you say that?

[Rong Yiren] It is very simple. Talks between the two parties are very ordinary things, but they do not even agree with this.

[Reporter] Are you very unhappy about this?

[Rong Yiren] We will see!

NPC's Chen Muhua Concludes Austria Visit

*OW0306050592 Beijing XINHUA in English
0438 GMT 3 Jun 92*

[Text] Vienna, June 2 (XINHUA)—The Vice Chairman of the Standing Committee of China's National People's Congress, Chen Muhua, left for home this evening winding up a six-day visit to Austria.

During her stay, Chen met with senior government and parliament officials on international and bilateral issues. She also exchanged views on various issues, especially bilateral cooperation, with provincial governors and business leaders.

She said there are vast vistas for Sino-Austrian economic cooperation in many fields.

Chen, heading a Chinese congressional delegation, also visited Salzburg, Linz and Eisenstadt.

Tian Jiyun Meets Norwegian Foreign Minister

*OW0206134692 Beijing XINHUA in English
1321 GMT 2 Jun 92*

[Text] Oslo, June 2 (XINHUA)—Acting Norwegian Prime Minister and Foreign Minister Thorvald Stoltenberg today met visiting Chinese Vice Premier Tian Jiyun and said he was satisfied with the development of Chinese-Norwegian bilateral trade.

Vice Premier Tian conveyed Chinese Premier Li Peng's regards to Stoltenberg and also briefed him on the economic situation in China.

Tian arrived here Monday morning for a visit.

Latin America & Caribbean

Defense Minister Meets Ecuadoran Guests

*OW0306103492 Beijing XINHUA in English
1016 GMT 3 Jun 92*

[Text] Beijing, June 3 (XINHUA)—Chinese Defense Minister General Qin Jiwei, met with Admiral German Yepez Espinosa [name as received], chief of the joint command of the Ecuadoran Armed Forces, and his party, at the Great Hall of the People here today.

They exchanged views on the development of relations between the two countries and their armed forces, and other issues of common interests.

Chi Haotian, chief of General Staff of the Chinese People's Liberation Army, was present at the meeting.

Yepez and his party are scheduled to leave Beijing for Xian tomorrow.

Chi Haotian Meets Ecuadoran Admiral, Delegation

*OW0206132692 Beijing XINHUA in English
1259 GMT 2 Jun 92*

[Text] Beijing, June 2 (XINHUA)—General Chi Haotian, chief of General Staff of the Chinese People's Liberation Army, met with and hosted a dinner in honor of Admiral German Yepez Espinosa, chief of the joint command of the Ecuadoran Armed Forces, and his party at the Great Hall of the People here this evening.

Earlier this morning, Chi and Yepez held talks following a welcome ceremony.

Yepez and his party arrived here Monday on a goodwill visit to China as guests of Chi.

Political & Social

Demonstrator, Journalists Beaten, Arrested

HK0306070692 Hong Kong AFP in English
0656 GMT 3 June 92

[Text] Beijing, June 3 (AFP)—Two foreign journalists were beaten by police and arrested as they tried to film a Chinese who had unrolled a protest banner on Tiananmen Square here Wednesday.

The Chinese, Wang Wanxing, 43, was also taken away by the police along with Todd Carrel, a reporter for the ABC television channel of the United States and Mike Nolan, a cameraman for Canadian Television (CTV).

The two westerners, both accredited to China, had their cameras seized and were roughly handled by dozens of police, many of them in plain clothes, before being thrown into a police car.

The incident happened on the eve of the third anniversary of the repression of pro-democracy demonstrations on the huge square by Chinese troops.

Wang, who said he was unemployed, had unrolled a banner critical of China's elder statesman Deng Xiaoping, who is said to have ordered the troops in, killing hundreds, possibly thousands, of people.

The anniversary has attracted large numbers of foreign journalists and police to the square to record and prevent possible incidents respectively.

University Acts To Halt 4 Jun Protests

HK0306061492 Hong Kong AFP in English 0604 GMT
3 June 92

[Text] Beijing, June 3 (AFP)—Beijing University is paying students not to protest on the anniversary of the Tiananmen Square crackdown.

Campus authorities have been going from room to room and buying up all small bottles for 0.20 yuan (0.04 dollar) each, sources said.

Smashing bottles is a symbolic protest against senior leader Deng Xiaoping, whose given name is a homonym for "small bottle" in Chinese.

Students at Beijing University have defied tight security to throw bottles out of their dormitory windows to mark the last two anniversaries of the June 4, 1989 crackdown on the pro-democracy movement.

Bottles were smashed and several pro-democracy posters put up in the run-up to the latest anniversary, sources said.

School officials apparently came up with the bottle buying scheme to prevent any further unrest or insult to Deng, who is blamed for ordering the crackdown.

Security is extremely heavy at the campus, with uniformed and plainclothes policemen patrolling the perimeter and inside. Police were on foot, motorcycle and in marked and unmarked cars and communicated by walkie-talkies.

"The campus has been occupied," commented one passer-by.

At least two large buses were parked near the main gate filled with police.

"I want to cry, but if I cry someone might notice," said one student.

Beijing University was a hotbed of the 1989 movement and Wang Dan, the student leader most wanted by the government after the crackdown, was a history major there. Wang and many other students were later jailed.

Beijing Releases Dissident for Medical Treatment

HK0206073092 Hong Kong THE STANDARD
in English 2 Jun 92 p A-5

[By Cheung Po-ling]

[Excerpt] Bao Zunxin, an intellectual who was jailed for five years for charges in connection with the pro-democracy movement, has been released from Beijing's No. 2 Prison to receive medical treatment in an ordinary hospital, according to his wife Wang Shuling.

Ms Wang said yesterday her husband had been suffering from heart disease recently. Mr Bao had also shown symptoms of internal bleeding.

Despite the treatment, his condition remains poor.

The family is allowed to visit the patient although the ward is closely watched by prison guards.

Ms Wang has applied to departments concerned to permit her husband to be "bailed out for medical treatment", which means a kind of informal release.

Since the prison authorities have transferred Mr Bao to an ordinary hospital for treatment, the family is confident that he may be released in the near future.

It is understood the authorities have tried to avoid any dissidents dying in prison for fear other countries would intensify their attacks on the human rights record in China. [passage omitted]

Asylum Seekers Said To Falsely Claim Persecution

HK0206094192 Hong Kong AFP in English
0826 GMT 2 June 92

[Text] Beijing, June 2 (AFP)—Would-be emigrants in eastern China have been using falsified documents claiming political and religious persecution to seek asylum in the West, a newspaper said.

Police in Wenzhou, in coastal Zhejiang province, recently punished at least 18 people involved in providing fake papers verifying residents as dissidents, the People's Public Security News reported. Freewheeling Wenzhou is dominated by private entrepreneurs and many of its residents have managed to emigrate illegally to Western Europe.

"Most of the people abroad asking for so-called 'political asylum' have sneaked out of the country in recent years and are not true opponents of the communist party and socialism," the paper said. "Objectively speaking, however, their actions have harmed the state's reputation," it added. "After obtaining residency, these people were used by foreign hostile forces, creating a very bad political influence," it said, apparently referring to Western claims of human rights abuses in China.

The paper said Wenzhou residents had left China illegally and then written back to family and friends telling them to find documents proving persecution by the communist authorities. Would-be emigrants were to then use the documents to seek political asylum in the West to avoid tighter restrictions. Australia, France and Spain were named.

Forged documents included wanted notices or papers showing participation in the 1989 protests and illegal religious activities, the report said. A party member and model worker who worked at Wenzhou's port was punished for providing his eldest son with fake papers. Another son, his son-in-law and "many relatives and friends" were also punished.

Former Prisoner Returns 'Secretly' to Hong Kong

HK0206024792 Hong Kong SOUTH CHINA
MORNING POST in English 2 Jun 92 p 1

[By staff reporters]

[Text] A Hong Kong resident, released by Beijing last week after spending two years in prison for helping to smuggle dissidents out of the country, has secretly returned to the territory.

Mr Lai Pui-shing, released from a Guangdong prison on May 25, came back to Hong Kong over the weekend, according to a source.

Contrary to the red carpet welcomes other local activists have received on returning home after being released, Mr Lai kept news of his homecoming confidential.

Like the two mainland dissidents, Ms Dai Qing and Ms Gong Xiaoxia, who were stranded in Hong Kong after they were refused entry by Beijing, Mr Lai has chosen not to take part in June 4 memorial activities.

According to the source, Mr Lai appeared to be in "good shape".

Another Hong Kong resident, Mr Lee Lung-hing, is believed to still be in China although he was released at

the same time as Mr Lai. The two parted ways in Guangzhou; Mr Lee was planning to visit his family in Guangdong.

Mr Lai and Mr Lee were sentenced in 1989 to five and four-year prison terms respectively for allegedly helping to smuggle dissident editor Wang Juntao and Chen Ziming out of China.

Chinese officials said they were "given bail to seek medical treatment."

Education Commission Secretary Reportedly Removed

HK0306023592 Hong Kong SOUTH CHINA
MORNING POST in English 3 Jun 92 pp 1, 11

[By Willy Wo-lap Lam]

[Text] The Beijing power struggle has taken a dramatic turn with the sacking of the Communist Party secretary of the State Education Commission, Mr He Dongchang.

Mr He, 69, is the first of a dozen-odd Maoists targeted by Mr Deng Xiaoping to have actually become a casualty of the patriarch's four-month-old anti-leftist campaign.

Coming in the run-up to the third anniversary of the Tiananmen Square crackdown, Chinese sources said Mr He's fall from grace amounted to "an act of reconciliation" on the part of the authorities.

As a leader of the Education Commission, Mr He handled the negotiations with student protesters and was instrumental in urging strong-armed tactics to suppress the "counter-revolutionary turmoil".

Mr Deng's reformist drive had another boost with the dissemination last week of Central Committee Document No. 4.

The document has extended the open door policy from the coast to the heartland and border regions.

Chinese sources said yesterday the decision to sack Mr He was made at a politburo meeting last month.

"The authorities have not yet decided when to publicise He's removal from his position of party secretary," a Chinese source said.

"Moreover, as a face-saving measure, he may be allowed to temporarily keep his other post of vice-minister of the commission".

Since mid-1989, Mr He has helped formulate draconian measures, including sending students for military training, as well as reexamining the doctoral theses of the past six years for "seditious" contents.

Western diplomats in Beijing said Mr Deng, who had been trying to woo scientists and technical experts both in China and overseas, wanted to rid the education establishment of deep-seated Maoist practices.

Chinese sources said several other leftists were also in "serious trouble".

They include propaganda chief Mr Wang Renzhi, his deputy, Mr Xu Wei-cheng, People's Daily director Mr Gao Di, and the Beijing party secretary, Mr Li Ximing.

Since Mr Deng delivered his pro-reform speeches in southern China earlier this year, the four have allegedly organised an "anti-reformist cabal" within the Central Party School in an apparent bid to sabotage the initiative.

"In direct contravention to Deng's ideas, the four have held that the party's major goal should be to fight 'rightism', or Western values," said a source close to the party school.

The source said politburo member and secret police chief Mr Qiao Shi, who is also head of the school, had taken personal charge of the investigation of the cabal.

Mr Qiao, a Deng ally, considered the activities of the clique an "organisational conspiracy" and an instance of ideological aberration.

The four leftists, who were criticised by Mr Deng in January, have managed to hang on to their positions because of backing from conservative party elders.

However, analysts said that if Mr Qiao could unearth evidence of their involvement in the cabal, the four could soon be removed.

This is despite the fact that during interrogations by Mr Qiao, they are said to have made confessions and self-criticisms.

Meanwhile, liberal cadres all over the country have taken encouragement from the dissemination of document No 4, which was drafted by Mr Deng's aides.

The document gives all of China's provincial capitals as well as certain cities in the heartland and border regions "preferential status" on a par with the special economic zones (SEZ) and the open cities along the coast.

As a first step, 14 cities, including those along the Yangtze River and on the border with Russia, have been guaranteed SEZ-style autonomy.

The document also states that a key priority of reform is "changing the functions of governmental departments", so that they can no longer meddle with the management of enterprises.

Moreover, various party and government departments, as well as cadres and civil services [as published], will be allowed to run businesses.

"Deng Xiaoping has managed to beat back the tough resistance to his reform initiative," a Western diplomat said.

"However, the final outcome, including the dismissal of more Maoist officials, will not take place until the 14th party congress late this year."

Article Views Differences Among CPC Leaders

HK0306052592 Hong Kong CHENG MING
in Chinese No 176, 1 Jun 92 pp 10-12

[Article by staff reporters Luo Ping (5012 0393) and Li Tzu-ching (7812 5261 0079): "Great Power Wrestling" at '10-Leader' Meeting"—first paragraph is CHENG MING introduction]

[Text] The top CPC leadership relayed the situation of a "10-person summit meeting" on 25 April at Zhongnanhai to provincial, autonomous regional, and city party and government leaders indicating that a "nine-point consensus" has been reached on major issues to cover up the fact of the struggle on succession between the Deng and Chen blocs. This article reveals the inside story of the "10-person summit meeting" and the diametrically opposed attitudes of Deng and Chen in opposing and guarding against "left" tendencies; it points out that the "nine-point consensus" is only a kind of "explanation" to people inside and outside the party and that the irreconcilable line struggle between the Deng and Chen blocs is the crucial and real issue.

Issue No. 81 of TUNG HSIANG [TREND] magazine had reported on Chen Yun's appearance in Shanghai—Chen Yun was only putting up a false front in expressing his position instead of supporting Deng Xiaoping's reform and open line. Chen Yun asserted: "There is not a good example from which Shanghai can learn." He wantonly challenged Deng Xiaoping's remarks during an inspection of south China and his ideas on special economic zones.

The background against which Chen Yun made this appearance was the 25 April "10-person summit meeting."

The participants at the "10-person summit meeting" included Deng Xiaoping, Chen Yun, Li Xiannian, Peng Zhen, Yang Shangkun, Bo Yibo, Jiang Zemin, Li Peng, Qiao Shi, and Wan Li. This gathering of principal figures from the two blocs was not accidental and was to compromise, debate, and lay their cards on the table on some major issues.

Top Leadership Relays "10-Person Summit Meeting"

An informed source disclosed: The situation of the "10-person summit meeting" was relayed by Jiang Zemin, Yang Shangkun, and Qiao Shi during a Political Bureau meeting on 27 April. Around "1 May" Labor Day, some persons in charge of provincial, autonomous regional, and city party and local preparatory groups for the "14th CPC National Congress" kept coming to Beijing to report on their work. Jiang Zemin, Qiao Shi, and Ding Guangen relayed to them the situation of the summit meeting. Yang Shangkun also relayed it to persons in charge of provinces and autonomous regions

during an inspection of localities. On the part of the military, Qin Jiwei, Liu Huaqing, and Yang Baibing relayed it to persons in charge of military regions. Obviously, this indicates the importance of the "10-person summit meeting".

Nine "Common Points," Nine Compromises

As learned, the "10-person summit meeting" reached "common points" on some major problems, but there were more major principled differences. The common points are:

1. The party's basic line proposed by the Third Plenary Session of the 11th CPC Central Committee is correct; practice has proved that it is the orientation of development.
2. There is a need to take the socialist road with Chinese characteristics and to rely mainly on China's own efforts, wisdom, and financial resources in opening up to the world, reform, and development.
3. There is a need to seize the time and use conditions to expedite opening up to the world in an omnidirectional manner, and to exercise control [jie zhi 4634 0455] in running special economic zones and economic development zones.
4. Shanghai's relevant conditions for developing and opening Pudong are ripe; central and local authorities should provide substantial support.

"Consensus" on 1992 Government Work Report

5. The State Council's 1992 Government Work Report is pragmatic, is based on soliciting opinions from all sides, and gives expression to the party's basic line and central task.
6. There should be limits on securities markets. These markets are restricted only to Shanghai and Shenzhen as an experiment. There will be no expansion for further experiment before ripe experience is gained. It is necessary to strengthen macroeconomic management and provide positive support.
7. In carrying out clean administration, the entire party should take severely cracking down on and rectifying corruption and bribery in party leading groups and government departments as its central task, attend to it firmly and earnestly, and examine major cases of dereliction of duty in government departments and enterprises.
8. The 14th CPC National Congress will promote a number of middle-aged and young cadres who conform to the conditions for successors and have made comparatively great contributions to reform and opening up to different position levels in the central authorities.

"Promptly Resolve and Stop "Turmoils"

9. In solving turmoils [dong luan 0520 0052] occurring in localities in the future, preventive work must be done

well in the initial stage of an event [shi jian 0057 0115]; clear-cut, firm, powerful, and effective measures must be taken to promptly resolve and stop them. It is necessary to rely on party organizations, trade unions, communist youth leagues, and women's federations in stamping out the seedlings of turmoils which may possibly appear.

When relaying the "10-person summit meeting," Jiang Zemin, Yang Shangkun, Qiao Shi, and Ding Guangen talked about the differences at the meeting. They said: "Different views on some problems mainly involve the profoundness of problems and the angles at which problems are viewed. Deng Xiaoping's remarks during his inspection of south China are the general work guidelines of the central authorities."

"Nine-Point Consensus" Only Mixing Two Blocs' Proposals

A person in charge at the provincial level indicated in private after listening to the relay: "The nine-point 'consensus' is the result of compromise between the Deng and Chen blocs. However, it is not difficult to see that this big compromise was also a big struggle. The 'consensus' is in fact only mixing the proposals of the two blocs and is not a consensus on crucial issues. When relaying the meeting, Jiang Zemin et alia explained the principled differences and struggle as differences which involve the profoundness and angles of how problems are viewed. This is avoiding the important and dwelling on the trivial."

Guarding Against and Opposing "Left" Tendencies Focus of Difference at 10-Person Summit Meeting

This person in charge added: "An example will explain this problem: The Deng bloc keeps yelling 'guarding against and opposing left tendencies.' This quite important problem involves the line, principles, and policies. Why is not mentioned in the nine-point consensus? It only ambiguously mentions that the Government Work Report 'is pragmatic, is based on soliciting opinions from all sides, and gives expression to the party's basic line and central task.' Thus, it can be seen that top CPC leaders covered up the sharp struggle between the Deng and Chen blocs at the '10-person summit meeting' when relaying the meeting to provincial, autonomous regional, and city leaders."

As revealed, the most prominent difference at the "10-person summit meeting" was between Deng Xiaoping and Yang Shangkun on one side and Chen Yun and Li Xiannian on the other. The focus of debate was on the principled question of "being on the alert for right tendencies but mainly guarding against left tendencies."

Chen Yun: We Should Be Alert for Right Tendencies

At the meeting Chen Yun proposed: "We should be on the alert for right tendencies. We should explain the manifestations of right tendencies, their existence in the party, and the possible trouble arising from these. In the last 10 years, 'left' ideological trends and tendencies have

manifested themselves mainly in economic construction. A confidence crisis has occurred in the party, the manifestations of party organizations' unprecedented graft and corruption in the party as well as downgrading, attacking, and revising Marxist-Leninist theories have become an abnormal main trend in the party. These are the impacts of inner-party 'right' tendencies on society and are the main factors causing social turmoils and instability."

Chen Yun's Appearance in Shanghai May Create False Impression

Chen Yun's insistence on "being alert for right tendencies" is irreconcilable with Deng Xiaoping's "guarding against and opposing left tendencies." This further suggests that Chen Yun's appearance in Shanghai was not only to create a false front but was, more important, to bolster the strength of the Chen bloc. This may cause a false impression among the watchers [guan zhong 6034 5883]: Chen Yun's views are identical with Deng Xiaoping's on the question of reform and opening up and there is no principled difference between them; therefore Chen Yun's proposals have a certain position and weight in the top leadership and should not be overlooked.

Deng Xiaoping: "Left" Tendencies Restricted by Dogmas

At the meeting Deng Xiaoping responded: "I say guarding against 'left' tendencies is meant to be party leading cadres' guiding ideology. This generation of ours is affecting the next generation. Why can the people's initiative and creativity not be brought into full play? Why can leading cadres' minds not be emancipated a little wider? Why are they always afraid of making mistakes in orientation? The root cause is the word 'left.' To put it more explicitly, they are bound by the dogmas and books of Marxism-Leninism-Mao Zedong Thought. As a result, they cannot improve the socialist system or implement and carry out in a comprehensive way the resolutions we have adopted and the line we have formulated."

Chen Yun: "Shenzhen Even More Laissez-Faire Than Capitalism"

At the meeting Chen Yun blamed the Shenzhen Special Economic Zone for its development orientation; for some serious problems in society; for appointing people through petticoat influence [qun dai feng 5942 1601 7364] and by favoritism in terms of personnel organization; for corruption in official circles; for improper social security; and for lax party organizations. Chen Yun said: "From the authorities to society, Shenzhen is more laissez-faire and more corrupt than capitalism in some aspects. What is not let alone in capitalist society cannot be controlled or administered well in Shenzhen. According to Shenzhen's development orientation today, it relies on things from abroad in its development, and its destiny is controlled by things from abroad."

"Tumbler" Sides With Chen Yun

Chen Yun's accusation further indicates that his utterance of support for opening and developing Pudong during his "appearance" in Shanghai was only a trick. What he supports is a "Chinese brand" [zhong hua pai 0022 5478 3654] Pudong. This is a posture against the "capitalist polluted" Shenzhen Special Economic Zone.

Li Xiannian, a "tumbler" in political circles, agreed with Chen Yun in accusing the Shenzhen Special Economic Zone. This indicates that Li Xiannian has completely sided with Chen Yun.

At the "10-person meeting," Chen Yun provided explanations on the dissolution of the Central Advisory Commission and on changing it to the "Central Advisory Group." He insisted on saying: "I agree with the dissolution of the Central Advisory Commission. I will withdraw, so will the elderly. Those over 70 may remain in the Central Advisory Group for a while and then retire. I suggest everybody consider."

"10-Person Meeting" in Essence Big Trial of Strength

Chen Yun's emphasis on forming the "Central Advisory Group" is a sign indicating that he is "holding fast to his position." Repeated fierce offensives by the Deng bloc have met with counteroffensives from the Chen bloc. The "10-person meeting" was a trial of strength between the Deng and Chen blocs. The effects of the meeting can only make people feel this: Compromise is only an "explanation" to people in and outside the party but cannot conceal the irreconcilability between the Deng and Chen blocs or their intense struggle on the question of succession.

Article Says Shanghai 'Gang' Assists Chen Yun

HK0306020892 Hong Kong CHENG MING
in Chinese No 176, 1 Jun 92 pp 16-17

[Article by Huo Yin (7202 5419): "New Shanghai Gang Subtly Assists Chen Yun"]

[Text] Chen Yun and Son Echo Each Other at a Distance

From 1 to 2 May, Chen Yun, the most authoritative person of the conservative faction of the CPC, who had not been seen by the public for a long time, echoed at a distance Chen Yuan, his son who was visiting a foreign land on the other side of the ocean; both of them turned up before television stations' and newspapers' cameras, and suddenly became the focus of news media. Contrary to Deng Xiaoping's southern tour in the spring, which aroused a hot response abroad but a cold response at home, Chen Yun's face before the cameras in Shanghai aroused a hot response at home and a cold response abroad.

Reformist and Conservative Factions Negotiate and Reach Consensus

Regarding this popular news item, commentators at home have different assessments.

One viewpoint holds that the fact that Chen Yun turned up on a public occasion to show his support for reform two months after Deng Xiaoping had left Shanghai, shows that during that period the reformist and conservative factions reached some kind of consensus through negotiation, and the contents might include the following: The several "leftist" generals and "leftist" marshals criticized by Deng Xiaoping during his southern tour might not have to step down for their refusal to carry out reform because Chen Yun has expressed support for Deng Xiaoping's reform and opening up. Of course, as conditions for Chen Yun's support for the reform, Deng Xiaoping might have made other concessions, such as a tacit agreement on personnel arrangements at the 14th Party Congress, on concrete arrangements for the princes to take over offices, and on postponing the abolition of the Central Advisory Commission.

Chen Yun Shows His Face in Order To Back Up Conservative Faction

Another viewpoint holds that Chen Yun is a very shrewd and subtle man, who would not make the first move but would wait for the best chance to strike back and take control. In that period of two months, he waited to see what kind of cards Deng Xiaoping would show after returning from his southern tour, and he adopted an attitude of not responding to 10,000 kinds of provocations. When he discovered that Deng Xiaoping did not have that many cards to show but was only bluffing and blustering, he began to strike back. His turning up in Shanghai was only the first round of attack, and the purpose was to show people that Deng Xiaoping is in good health, and so is Chen Yun (on television, people saw Chen Yun talk amicably and playing with two big walnuts in his hands, like most Chinese elders do, to keep fit), and that Deng Xiaoping is able to speak, and so is Chen Yun. Except for the statement "I agree with the development and opening up of Pudong very much," there was not a single word during the speech expressing support for Deng Xiaoping's southern tour. On the contrary, his turning up and speech this time sent a strong signal to the able generals in his conservative camp, who were exercising self-restraint; he backed them up and made them look mightier.

Chen Yun's Favorite General Chen Guodong Shanghai's "Overlord"

An informed person disclosed that in Shanghai this spring, Deng Xiaoping did not have a pleasant conversation with Chen Yun; soon after Deng left Shanghai, Chen sent for Wu Bangguo and Huang Ju and instructed them to pursue reform and opening up, of course, and spiritual civilization construction as well. His basic attitude was already clear. Shanghai has been traditionally a

place in China with the most complete, systematic, and efficient planned economy, as well as a place on which Chen Yun has painstakingly worked for years. An unwritten rule of the CPC is that Deng oversees the Army, and Chen oversees organization of cadres. In the past, Chen Yun arranged for one of his favorite generals, Chen Guodong, who was a former minister of food [Ministry of Food has since been abolished], to serve as the first party secretary of Shanghai. Wu Bangguo and Huang Ju, the current leaders in Shanghai, were discovered and promoted by Chen Guodong. Rui Xingwen stayed in Shanghai for a short period, and Jiang Zemin was only a wallflower, without a group of followers. Chen Guodong is still the chairman of the Advisory Commission in Shanghai, the "overlord" of the "new Shanghai gang." When Chen Yun received people who came to greet him during the Spring Festival, Chen Guodong was one of them sitting there. How can Chen Yun give up such a precious place to Deng Xiaoping, a place which keeps transfusing blood to the traditional old system in China?

Wu Bangguo, Huang Ju Actively Pursue Balancing Act

Wu Bangguo and Huang Ju, who have the background of support from Chen Guodong, try their best to pursue a balancing act by "stepping on one boat with one foot and on another boat with the other foot," and they even overtly agree but covertly oppose Deng Xiaoping. For example, Wu said to others: "You must think I have some ties with Beijing; in fact, like you, I do not have someone to flatter!" Huang also said on many occasions: "China's matters are complicated, and we must be mentally prepared for fluctuations." When transmitting the spirit of Deng's speech, Wu asked his inferiors "not to take notes."

Wu and Huang made a new proposal to Chen Yun, that is, arranging Deng Xiaoping, Chen Yun, and Li Xiannian in the same rank. Deng Xiaoping is publicly viewed as the chief architect of reform and opening up by the party and government, and if he is ranked equally with Chen Yun and Li Xiannian, then, it must be viewed as a decline of his authoritativeness, or an effort by Wu and Huang to deliberately boost Chen and Li in order to contend with Deng.

Shanghai's Mass Media Use Much Space To Report on Chen Yun's Turning Up on Public Occasion

Some phenomena in Shanghai have caused anxieties for observers. In early March, a "mobilization meeting on building spiritual civilization" was held in Shanghai Gymnasium, which was attended by over 17,000 people. When Deng Xiaoping's speech against formalism still lingered in the air, the leaders of Shanghai Municipality directed a drama of formalism. Arrangements for implementation of the spirit of Deng Xiaoping's southern tour speeches were made only in late March at the meeting of cadres of industrial enterprises, which was attended by 16,000 people. This year, in a dramatic way, the two local sessions of the People's Congress and the Chinese

People's Political Consultative Conference in Shanghai duplicated a plot of the two corresponding national sessions in Beijing: The government work report refrained from including the substance of prevention of "leftism," and only after many deputies voiced their criticisms did the government work report then include the substance of prevention of "leftism." On 26 April, Wu and Huang reported on the work in Shanghai to Chen Yun; thereafter, Chen returned to Beijing, and Huang visited the United States, and mass media, especially the television, carried detailed reports on them, whereas Deng spent more time in Shanghai, talked more, and inspected many places, but the report on him were very brief. Let alone asking Shanghai newspapers to carry the long reports such as "Easterly Wind Brings About Spring" and "Spring Tide in South Sea" as carried by Shenzhen and Zhuhai newspapers, even the welcoming remark for Deng was briefer than the one welcoming Chen Yun's turning up. What was emphasized was very clear.

Shanghai Overtly Supports but Covertly Opposes Reform and Opening Up

Compared with the newspapers in Shenzhen, JIEFANG RIBAO, which is controlled by Shanghai Municipal CPC Committee, has changed the practice of beating gongs for the reform, and said in a flattering way: When the atmosphere is rather boring, we must actively advocate reform and opening up; and when everyone has stood up for the reform and opening up, we must concentrate our attention on doing some practical things of our own. Because it has been made clear that Shanghai must become the "leading sheep" and "center" of reform and opening up, it is predictably impossible to exclude emancipation of mind, freedom of speech, and freedom of the press. Shanghai, which is well-known for its "leftism," can always find an excuse for its overt agreement but covert opposition to reform and opening up.

Main "Leftist" Marshal Remains Untouched

How long can the Deng whirlwind last? After the article entitled "Easterly Wind Brings About Spring" was transmitted by XINHUA, according to an original plan, seven major newspapers in Beijing, including RENMIN RIBAO, were to carry an article entitled "Comrade Xiaoping in Shanghai;" but up to now, the article has been postponed. Shenzhen Television Station made a documentary film depicting Deng Xiaoping in Shenzhen, and sent it to the Central Television Station, but up to now, it has not been seen by the public, whereas it has been alleged that Shanghai Television Station has made a television series on "Comrade Chen Yun in Shanghai." Deng Xiaoping's southern tour speeches were first transmitted at the State Science and Technology Commission, using the tape which was handed over by his daughter. When the State Education Commission transmitted the No. 2 Document, they said clearly that "leftism" did not exist in their commission. When Chen Yun returned to Beijing, he said that no one is entitled to change the decisions made by the party and

the state (such as the Eighth Five-Year Plan, the 10-Year Program, and some personnel arrangements). None of the persons who were criticized by Deng Xiaoping during his southern tour have stepped down so far. Deng Xiaoping said it was mainly "leftism" which should be guarded against, whereas the elderly representative of "leftism"—Chen Yun—turned up well on public occasion, and said many things. This kind of demonstration shows that Deng's authoritativeness has greatly diminished, for Deng wants to guard against "leftism," whereas the main marshal of "leftism" has gone so far as to remain well and untouched.

Leaders Debate Past XINHUA Head's Essay

HK0206074692 Hong Kong SOUTH CHINA MORNING POST in English 2 Jun 92 p 11

[By Willy Wo-lap Lam]

[Text] The top echelon of the Chinese Communist Party is debating how to react to the essay published in Hong Kong by the former director of the Hong Kong branch of the NEW CHINA NEWS AGENCY [XINHUA], Mr Xu Jiatun.

Chinese sources in Beijing said Mr Xu had in late April dispatched a copy of the article, On Peaceful Development and Progress, which appeared in the SOUTH CHINA MORNING POST and the HONG KONG ECONOMIC JOURNAL yesterday, to the "very top leadership" in Beijing.

"Two leading patriarchs of the party have read it but have failed to make any public reaction," the sources said.

It is understood that if Beijing's response to his article, which urges China to boldly incorporate Western ideals, had been favourable, Mr Xu might not have decided to have it published in Hong Kong.

The sources said in view of patriarch Mr Deng Xiaoping's liberal pro-nouncements on reform early this year, Mr Xu had harboured hopes that his own views would be receptive to the elders.

So far, Mr Xu's 10,000-character article had not appeared in the party's internal reference materials, they added.

But now that the essay has appeared in Hong Kong and will immediately make its way to intellectual circles in Beijing, party theorists and propagandists have been instructed to draft a series of rebuttals.

"The Chinese are unhappy with Xu's criticism of the party's Leninist roots as well as its handling of the 1989 movement," a source said.

"But the leadership has yet to determine whether the campaign to discredit Xu's article will be made public or contained within the party."

The source added that the timing of the article was considered by Beijing as particularly disturbing because Mr Deng had had difficulty maintaining his reform initiative and the conservatives could now say that like Mr Xu, Mr Deng was in fact advocating "wholesale Westernization".

A few months ago, when U.S.-based economist Mr Qian Jiaqu published a long article in Hong Kong urging China to welcome "peaceful evolution", official propagandists responded with a barrage of public criticism.

Friends close to the Xu family in California, said, however, that up to now, Mr Xu, who was kicked out of the Communist Party last year, had maintained a "correct" relationship with the Chinese authorities.

In the early months of his exile, both the Chinese ambassador to Washington and the Chinese consul-general in Los Angeles had called on Mr Xu's home.

And even though Mr Xu is understood to have long been estranged from his wife, Ms Gu Yiping, who is a resident of Nanjing, Jiangsu province, the treatment accorded Ms Gu is considered satisfactory.

Recently Ms Gu, who, like Mr Xu, joined the party in the late 1930s, moved out of her spacious house for a more modest apartment.

However, this was done voluntarily as Ms Gu does not have a large household, sources said.

At least six of Mr Xu's children are working in the Shenzhen Special Zone and cities in Jiangsu.

At a public function in Hong Kong yesterday, the vice-director of the Hong Kong branch of the NCNA [NEW CHINA NEWS AGENCY], Mr Zhang Junsheng, said he had no comments to make on the Xu article.

Documentary Series on 'Decade of Upsurge'

Part One

OW2805132592 Beijing Central Television Program
One Network in Mandarin 1150 GMT 25 May 92

[Documentary: "A Historic Choice"; Part One of a four-part series entitled "Decade of Upsurge"; filmed and produced by Xianke Laser Television Company, BAN YUE TAN, GUANGMING RIBAO, and Central Television Station in May 1992]

[Text] It is a long-cherished dream conveying a profound message. From the onset of human civilization, all peoples of the earth have embarked on a relentless pursuit of prosperity, democracy, freedom, development, and strength.

This is the Forbidden City, where neatly-structured elaborate architecture adorns every side of the palace, and small and large buildings stand in the order of their

seniority. This is a symbol of the brilliance, as well as the decline, of the 5,000-year civilization.

From time immemorial, one generation after another of Chinese people have time and again struck the bell of their destiny. As we turn the thick pages of history, the beating of ancient battle drums still seems to resound in our ears. Chen Sheng and Wu Guang raised the standard of revolt. Li Zicheng commanded troops and marched into Beijing. Lin Zexu burned the opium at Humen. Hong Xiuquan died with regrets in Jinling. Yan Fu translated the theory of evolution. Kang Youwei, Liang Qichao, and Tan Sitong jointly plotted a coup in the year of Wu Xu [1898]. Sun Yat-sen assumed the post of provisional president. Mao Zedong raised the first five-star red flag. [video shows shots of ancient warriors riding armored horses and a fluttering PRC national flag]

Without taking the socialist road, making reform, and opening to the outside world, there is no way out for China. [video shows a medium shot of Deng Xiaoping, smiling and waving]

This is the man whom famed U.S. biographer Harrison Salisbury called the dwarf who can never be beaten. In those frenzied and bewildered years when he paced up and down in the small clay yard in Xinjian County, Jiangxi Province, he might have already begun to deeply ponder the future. History has destined him to play the role of chief architect for the great transformation of Chinese society. In 1980, when the Chinese people were still carrying a heavy burden and moving haltingly, he unequivocally and correctly pointed out that it is imperative to try out a thorough revolution and introduce regulation of the economy through the market under the guidance of state plans. On 10 October 1984, he said, at a meeting with Federal German Chancellor Kohl: We regard reform as the second revolution. On 28 March 1985, he again told Susumu Nikaido, visiting vice president of the Japanese Liberal Democratic Party: Reform means the second revolution for China. [video shows shots of Deng delivering a speech, reviewing Chinese forces at Tiananmen Square, and meeting with Kohl and Nikaido]

Deng Xiaoping went further to firmly state: We must push ahead with reform even though there is a risk. Nevertheless, risks and opportunities exist side by side in the progress and development of any society. [video shows shots of Deng delivering a speech in a large congress hall]

Let us recall events of 26 years ago: An unprecedented revolution swept China's 9.6 million square km land and shook the entire world. Though the revolution has long faded in history like bubbles, to date people 40 and over can still feel the pains of a nightmare when reminiscing about the life of the past. Young people today cannot comprehend how the older generations could let erroneous things happen years ago, regarding them as stories from *The Arabian Nights* of the 1960's. However, those events indeed took place. The Chinese people endured a painful long decade under the political atmosphere of

having the weeds of socialism instead of the saplings of capitalism. [video shows masses of Red Guards chanting slogans and waving the little red book of Mao quotes at Tiananmen Square]

During the entire 10 years, a technological revolution swept the whole world, and the economy of tertiary industry grew rapidly. Nevertheless, China lost about 500 billion yuan in this so-called revolution, according to economists' estimates. [video shows shots of U.S. astronauts landing on the moon, and launching of rockets]

If the Great Cultural Revolution can be credited with any special contribution, it would be that, after having gone to extremes in all spheres, the revolution finally succeeded in awakening our calamity-ridden nation to the facts and reality. [video shows Tiananmen Square filled with a large crowd of students and people waving their hands] Having gone through fanatic movements, obsessions, trials, tribulations, pains, confusion, hopes, fatigue, and struggles, the people who gained a clear understanding within their souls would remember scenes of righteous indignation and angry shouts mingled with tears on Tiananmen Square. [video continues to show documentary footage of people from all walks of life, many of them with bicycles, converging on Tiananmen Square and the Monument to the People's Heroes on the square] When the nightmare was over, contingents of paraders marched through Beijing's Changan Street, celebrating another liberation with gongs, drums, banners, and so on. [video shows close-up of firecrackers going off, a multitude of banners carried by paraders, and a sign carried by male paraders reading "Warmly Celebrate the Great Victory That Crushes the Plot Hatched by the 'Gang of Four' to Usurp Our Party and Take Over Power"] When Deng Xiaoping, who had not been seen in public for a long time, staged a comeback in China's political arena 10 years later, people were surprised to realize that they were finally ushered into another room instead of the one they had originally expected. The people smashed all their own pots, pans, bowls, ladders, and spoons. [video shows signboard of a shop being taken down and burned while onlookers clap their hands and useless machinery parts lying idle in some dilapidated buildings]

A vast expanse of hungry, parched, thirsty, and puzzled soil—where was the way out? Where was the first morning light? Where was our hope? Quietly, swiftly, violently, and irresistibly, the stream of consciousness chose a breach in the void between the downfall of an old order and the birth of a new one. [video shows waves breaking on a rocky shore and the title of the TV series "Decade of Upsurge"]

The Chinese people have made countless choices. Perhaps no other nation on this planet looks forward to development and prosperity more eagerly than the Chinese nation does. The decline of China, the great empire in the East that once dominated all other surrounding nations, was an event that occurred in the recent past. Until the mid-19th century, China fully deserved the

name of a large producing country. Then there was a hundred years of chaos, humiliation, and struggle. [video shows the gun of a ship targeting a Chinese harbor city, foreign soldiers under an American flag at a Chinese port, foreign soldiers marching through a Chinese city, and a close-up of a sign reading "American Asiatic Underwriters"] After the British expeditionary army that manned 20 gunboats blasted open the closed doors of the Qing Dynasty in 1840, the Western powers launched hundreds of wars of aggression against China, imposing more than 1,100 unequal treaties, agreements, and extraterritoriality clauses on the Chinese people. China was forced to pay a total of as much as 100 billion liang [a unit of weight equivalent to 50 grams] of silver in war reparations to the foreign powers. The reparations that the Qing Dynasty was forced to pay as a result of defeat by the eight-power allied forces dispatched to suppress the anti-imperialist Yihetuan Movement in 1900 alone depleted all the financial revenue that would take the Qing Dynasty 12 years to accumulate. [video shows footage of the Qing Dynasty, carts of silver being pushed into a building, throngs of pedestrians walking on a street]

The endless stream of people bustling about on the street already relegated to oblivion the most stirring and tragic scene calling for changes ever enacted in the modern history of China. The six martyrs for the Wuxu Bianfa [the Reform Movement of 1898 that represented the interests of the liberal bourgeoisie and the enlightened landlords], including Tan Sitong, died the death of heroes when they were executed at the entrance to what was then the Beijing Marketplace on 8 September in the 28th year of the reign of Emperor Guangxu in late Qing Dynasty. That was 103 years ago. [video shows photos of martyrs Tan Sitong, Lin Xu, Yang Shenxiu, and Kang Guangren] "Although I intended to kill bandits, I am incapable of saving the desperate situation; how glad I am to die for our cause!" [video shows these sentences in Chinese characters, which are read by announcer, beside a photo of Tan Sitong] The earth-shaking and heaven-moving call issued by Tan Sitong before he was executed still seems audible and lingers in our minds. [video cuts to show a house in ruins] No. 41 (Beibanjue) Lane, a hundred paces from here, was the former residence of Tan Sitong. Turning eastward, people will find the former study, (the Hanman Room), of Kang Youwei, a noted Confucian scholar at that time, at No. 43 (Lishi) Lane. [Video shows another house] This was the (Jiancao Room) in the house located at No. 12 (Daziqiao) Lane to the north of the entrance to then Beijing Marketplace. It was in this place that Kang Youwei rallied over 1,000 successful candidates in the imperial examinations held in Beijing and composed his famous 10,000-character petition to the emperor. With bold and natural strokes, he wielded a brush to write the petition. The petition went down in history as "Gong Che Shang Shu." [video shows a photo of Kang Youwei, contents of a page of his petition, TV caption reading "Refuse to sign peace treaty, move capital to another place, train soldiers, reform," the cover of the pamphlet of his petition]

bearing the title "Gong Che Shang Shu Ji," and contents of more pages of the petition]

After the failure of the Reform Movement of 1898 that shocked both the imperial court and the common people, Emperor Guangxu was incarcerated in (Tangyuandi) at Yingtai, Zhongnanhai. There is an antithetical couplet adorning the west side of the hall. Here, many beautiful verses serve as voluble reminders of the past and a lampoons of history. Despite the unremitting efforts of successive generations of high-minded people, the Chinese nation—the birthplace of the famous Huang He civilization—resembled, in the words of Karl Marx, an alcohol-soaked feudal fetus that remained confined inside a bottle.

Mao Zedong was undoubtedly the most legendary figure in contemporary Chinese history. This village teacher from Shaoshanchong understood China's national conditions just as peasants understand soil conditions. The extremely arduous revolution under his leadership injected vitality into this weak nation in the east, both in terms of historical form and philosophical substance. Western observers once made the following well-meaning remark: China would have achieved a composite economic index that is nine times the current level if it had practiced family planning in 1952, initiated ecological protection measures in 1954, embarked on economic reform in 1956, and launched political reform in the 1960's by riding on the lofty prestige of the CPC and Mao Zedong. [video shows a boy tying a kerchief around Mao's neck, Mao bowing before a tomb, children waving to Mao, women working in a field, and industrial facilities]

History is not just a chain of events; it is a long, surging stream. At the time Mao Zedong took over the war-ravaged country, Chiang Kai-shek had already shipped to Taiwan or the United States 4.755 million taels of gold from the national coffers, 16.4 million silver dollars, and \$15.37 million. There were ruins everywhere, and everything needed to be rebuilt. Consequently, New China embarked on a massive economic construction program by moving swiftly to resume production and healing the wounds of war. Its achievements in this respect are obvious to everybody. [video shows historical footage of automobiles being lifted onto a ship and Chiang Kai-shek boarding an airplane]

Sometimes a set of boring statistics possesses a strong poetic appeal. Compared to old China, New China increased the output of steel, coal, crude oil, cement, electricity, grain, cotton, and aquatic products by 65-fold, 17-fold, 429-fold, 93-fold, 92-fold, 3.6-fold, 5.9-fold, and 8.1-fold, respectively. It also raised the total industrial and agricultural output value by 52-fold. No study of an economic phenomenon can be conducted independently of the social, political, and historical background of the period concerned. Because of the long-standing standoff between East and West during the cold war, China gradually incorporated its ideas of economic development into the Soviet Union's highly

centralized model of the planned economy, thereby wiping out the dynamism achieved during the early years of New China. [video shows workers at industrial sites, women working in a field, a rocket blasting off from its launch pad, an airplane in flight, Mao getting off a train and shaking hands with Molotov]

Achievements gave rise to impetuosity and impatience for more success, leading to the launching of the Great Leap Forward and the establishment of people's communes. Taken in the hopes of speedily achieving communism and artificially modifying the relations of production, these actions led to a sharp decline in the productive forces.

Rapid population growth imposed a heavy burden on China's economic construction program. During his visit to China in 1961, British Marshal Montgomery said to Mao Zedong in all sincerity: Fifty years from now, you will be in great shape. In reply, Mao Zedong said calmly: Fifty years is not enough for China. We need 100 years or even longer. [video shows historical footage of Mao holding talks with Montgomery and Zhou Enlai hosting a reception for Montgomery]

The First Session of the Fourth National People's Congress opened in Beijing on 13 January 1975. Premier Zhou Enlai, who was dying from an illness, came to the Great Hall of the People by car to deliver a government work report.

[Begin Zhou Enlai recording] Under the leadership of the party Central Committee headed by Chairman Mao, our people worked hard for the country's prosperity, overcame various difficulties, and transformed a poor and backward country into a socialist country in the initial stage of prosperity within the course of just 20 years. We can surely build our country into a strong modern socialist country in another 20 years—that is, within this century. [end recording] [video shows a packed spacious hall and a huge portrait of Mao at the back of the rostrum; a banner over the rostrum identifies the occasion as the First Session of the Fourth National People's Congress. Video cuts to show Zhou reading from a prepared script and conferees clapping their hands at the end of his speech]

This was the wish of the people, the country, and the nation. As a thick page of history was turned, Deng Xiaoping, who was at the core of the leading hierarchy, displayed courage in seeking truth and facts by stating poignantly: In reality, Chinese society was in a prolonged state of stagnation and hesitation from 1958 to 1978. China's great cause of reform was heralded by a surging movement of mental emancipation. The 11 May 1978 edition of GUANGMING RIBAO carried a special commentator's article entitled "Practice Is the Sole Criterion of Truth," thereby smashing the ideological restraints of the two whatevers and, in turn, creating a stir. The article sparked an extensive round of discussions throughout the country involving high-ranking politicians and the general public. [video shows medium

close-ups of Deng Xiaoping, aerial shots of a packed hall, newspaper clippings, and scenes of public discussions]

The discussions no doubt portended the dawn of a new era and the end of an old one. The 5 April Tiananmen movement—a great national movement aimed at restoring complete order in the wake of the Great Cultural Revolution—set the stage for a huge leap forward for the entire nation.

The landmark Third Plenary Session of the 11th CPC Central Committee opened grandly in Beijing on 18 December 1978. The plenary session worked out guidelines, shifting its major strategic focus from the key task of waging militant class struggles to the central task of economic construction. The curtain was lifted on China's great social transformation. [video shows Li Xiannain, Deng Xiaoping, and other Chinese leaders filing into a hall, then cuts to show leaders on the rostrum and other participants]

Deng Xiaoping time and again explained to visiting foreign leaders the gigantic blueprints for China's reform. The strategy for China's development is to be realized in three steps, that is, to double the Gross National Product [GNP] in the first step of about 10 years; to redouble the GNP and attain \$1,000 per capita annual income for entering a comparatively well-off state in the second step of another 10 years before the end of this century; and to reach the level of the intermediate developed countries in the third step of 50 years; thereby bringing about fundamental changes in the outlook of the entire country. [video shows shots of Deng talking to Japan's Nikaido]

In an interview with Italian journalist Fallaci on 21 August 1980, Deng Xiaoping further expounded on the determination to take the road of socialism with Chinese characteristics. A few messages given by this great man aroused the extensive interest of the whole world: Chairman Mao's portrait above the Tiananmen Gate will be kept there forever; in evaluating Mao Zedong, his contributions are primary and his mistakes are secondary; China will carry out the four modernizations; communism has always acknowledged personal interests; and socialism is the first stage of communism. In this way, he gave a clearer and more detailed definition of reform—the ultimate goal of reform is to liberate and develop productive forces. [video shows shots of Deng Xiaoping talking to Fallaci and a group of foreign journalists on separate occasions; and of Mao's portrait above the Tiananmen Gate]

Through trial and tribulation for more than a century and after twists and turns in the first 30 years of New China, the Chinese communists finally grasped an extremely precious opportunity for development in the late 1970s. Without this, any bookish formula or foreign model cannot help this oriental giant—with a population of more than 1 billion, a vast territory, weak foundations, and complicated conditions—on its tortuous road

toward modernization. [video shows shots of roaring waves, mountains, rivers, and plains]

The magnificent future foreseen by Mao Zedong and Zhou Enlai is being realized by their successor Deng Xiaoping with a bold vision. A review of the history of rise and decline of the Chinese nation shows that Deng Xiaoping is standing in the van of our times as a national hero. All hardships in connection with social changes are in his brilliant perspective. The great social changes are bound to presage an upsurge of the national spirit. If we say that communism wandered on the European continent like a ghost in the last century, then the modernization drive launched by China today amid the global torrents and surging waves of reform is even more epoch-making and irreversible in its significance. The Chinese people's vision has already broken the bounds of history and been projected new horizons. As French academician (Falebelt), who has visited China on several study tours, pointed out with a unique perspective, China's reform will produce a significant impact on the destiny of the world. [video shows shots of a giant parade at the Tiananmen Square and, of Deng Xiaoping delivering a speech above the Tiananmen Gate and waving to crowds of people; video cuts to show footage of Deng Xiaoping, seated and making remarks to a crowd of journalists; his remarks are shown on the screen: "China has no future unless it practices socialism, carries out reform, opens itself to the outside world, develops its economy, and improves its people's livelihood"; video then cuts to show shots of mountains, rivers, the Great Wall, and other Chinese landscape; shots of an airplane taking off and rocket being launched—as well as verses of a poem which reads: We till the land and harvest an ideal; we raise our wind canvass in pursuit of tomorrow's hopes. Alas, a cherished dream of 5,000 years has inspired 1 billion people, who travel at double speed and are weather-beaten. Without deep sighs of a long eulogy, without wavering and sorrow, we use the blood of the Huang He and the ridge of the Great Walls to hold up a fresh sun!]

Part Two

OW2905145692 Beijing Central Television Program
One Network in Mandarin 1255 GMT 26 May 92

[Documentary: "The Rise of Rural Areas"; Part Two of a four-part series entitled "Decade of Upsurge"; filmed and produced by Xianke Laser Television Company, BAN YUE TAN, GUANGMING RIBAO, and Central Television Station in May 1992]

[Text] On this earth there was probably no other worship as devout as the one which Chinese peasants demonstrated for their land. Like an umbilical cord, the small-peasant economic production pattern conceived by the Huang He civilization and agricultural culture that continued for several thousand years closely associated Chinese peasants to their land. [video shows montage of revolving globe, silhouette of farmers tilling land, and torrents]

Because of the land, the number, the size, and the length of uprisings and wars staged by Chinese peasants in various Chinese dynasties were invariably larger, bigger, and longer than those in any other country in the world. [video show montage of torrents and ancient Chinese warriors in full battle array riding on galloping horses]

China is a large agricultural country. Even if an industrial civilization takes over this piece of yellow earth, it will never be able to take over the role of agriculture, which sustains the life of the country. [video shows montage of cracked, parched cropland and silhouette of a farmer and an ox tilling land]

Without a doubt, the success or failure of agriculture is the prime factor contributing to social stability and development. Historians in later generations might say that it is hunger that ignites the great, deepgoing and complex social reform in China today. [characters of "decade of upsurge" and "a new rise of rural areas" appear on the screen]

On 18 December 1978, Yan Hongchang, deputy head of the Xiaogang production team in Anhui's Fengyang County, assembled the heads of 18 families of his team at a meeting and told them: "In order to survive, we have to help ourselves. Let us divide the land among us."

They took an oath and signed a contract. With tears in their eyes, 21 farmers who could not eke out a living from their land, despite year-round hard work, put their crimson-red fingerprints on the contract. This piece of crumpled paper, which is now kept at the Museum of Chinese History, actually became a Chinese peasants' declaration saying goodbye to hunger. [Video shows close-ups of peasants talking and putting fingerprints on a piece of paper, and the following passage of the contract: "We agree to divide the land among us. Each household head has signed his name and affixed his seal on the contract. If we succeed in the future, each of us will guarantee to deliver the annual quota of grain to the state and will not ask the state for money and food. If we fail, we cadres will be willing to go to jail, or to have our heads chopped off. All team members will guarantee support for our children until they are 18 years old." Video also shows close-ups of a crumpled piece of paper.]

Probably it was a historical coincidence, but on the same day these farmers put their fingerprints on the contract, the Third Plenary Session of the 11th CPC Central Committee opened ceremoniously at Beijing's Great Hall of the People. [video shows automobiles driving on snow-covered Changan Avenue in front of Tiananmen Tower, exterior of the Great Hall of the People, archival footage of Ye Jianying, Deng Xiaoping, and Li Xiannian entering the Great Hall to attend the plenary session amid the standing ovation of other attendees]

How can there be bumper crops if people do not till their land? How can a truth be established if it is not tested by

actual practice first? [video shows close-ups of Ye Jianying, Deng Xiaoping, Li Xiannian, Chen Yun, Deng Yingchao, Wang Zhen, Fang Yi, Li Desheng, and other PRC leaders]

Like a withered tree or an [word indistinct] lotus starting to sprout and blossom again, the great secret of the nation's prosperity and development was revealed. One social phenomenon even more worthy of exploring was: At the historical juncture having the most important bearing on China's destiny, the highest ranking statesmen and peasants at the grass-roots level in China turned over a new leaf in history together.

Deng Xiaoping said something significant. He said: "No matter what may happen in this world, everything will be easy to handle as long as the people are well-fed." [video shows close-ups of Deng Xiaoping reading a document at a meeting]

The inertia of historical conventions, however, was enormous. [video shows water cascading down from a cliff, causing soil erosion] One day in the spring of 1979 when the situation was marked by interlocking events, a county party committee secretary in Chuxian Prefecture in Anhui read a reader's letter which RENMIN RIBAO ran on its front page criticizing the policy of fixing production quotas for rural households as a retrogressive policy meant to restore capitalism.

Immediately he called on Wan Li, then secretary of the Anhui provincial party committee. [video shows several people talking in deserted fields, cutting to show brief shots of a jittery bird on a tree, a confused lonely rooster, loudspeakers on a lamppost, crowds listening to the broadcast, and a locomotive moving rapidly westward]

Comrade Wan Li was aware of the situation. [video shows Wan Li listening to an official explaining things to him at a meeting] He knew the number of people fleeing from famine in Fengyang County had soared to between 20,000 and 30,000 from between 6,000 and 7,000 in 1978. In that year, the grain output of the hard-pressed Xiaogang production team was only one-third of that of 1955, and 76 people had fled their famine-stricken team. [video shows abandoned and uncultivated cropland, a gaunt peasant toiling with an ox, long shots of lonely figures slowly moving away from the camera, and deserted historical sites]

Such a situation was not peculiar to Fengyang. Starving people begging for food were everywhere in Anhui in those days. At that time, over 200 million peasants in China were underfed. Wan Li spoke firmly to leading cadres of prefectures and counties: Newspapers do not farm, and they do not produce grain; but they will blame us if peasants have nothing to eat in the fall. Ignore them; let us continue with our work. [video shows Wan Li shaking hands with people, and visiting a factory, cutting to show more peasants tilling land alone, or with donkeys]

Peasants must till their land, and they must be well-fed in order to do so. This principle should be as simple as

one plus one equals two. And yet it became a grave political issue people debated incessantly in 1979. Deng Xiaoping sensibly pointed out: To see whether China's economy can develop, we must first see whether the rural areas can develop. [video shows scenes of Deng Xiaoping planting trees on two different occasions]

Today, when we discuss the rural areas' successes as a result of the master contract system there, we consider it as a matter of course. In years gone by, however, it was virtually impossible for Chinese peasants to surmount that formidable historical threshold. [video shows scenes of peasants celebrating, dancing, playing drums and gongs, young women dancing and singing, and big crowds of people watching]

The production responsibility systems in the rural areas were successfully tested in Anhui's Fengyang County and Sichuan's Guanghan County. The ditty widely popular in Fengyang can be very descriptive of the peasants' jubilation:

Master contract, ah, master contract,
It is straightforward and direct.
After state quotas are fulfilled,
And collective quotas retained,
We can do whatever we want with the rest.

During the decade-long internal chaos, the fields in Guanghan County in Sichuan were deserted. A man from another part of the hinterland could buy a local young woman with coupons for merely a few dozen jin of grain. Because of their painful experiences of hunger and their great resolve to try things out, people in Guanghan County became the country's first county to fix production quotas for each production unit. [video shows thriving market, people buying a large chunk of meat, big fishes, and other foodstuffs, and the happy face of a young girl putting on new clothes]

When Xiangyang in the county became the first town to remove its people's commune signboard in April 1980, it immediately became an explosive piece of news shocking the whole of China and even the world. [video shows a new signboard which reads: "People's Government of Xiangyang Township in Guanghan City," and hard-working people working in the field and the delivery of grain to procuring centers]

The removal mercilessly spelled the demise in rural China of the egalitarian policy characterized by three-level ownership by the commune, the production brigade and the production team, with the production team as the basic accounting unit.

Gaining increasingly greater strength, the undercurrents of rural reform have generated enormous, alluring power, like a torrent rushing through a gorge. [video shows uncontrolled water hurtling down into a valley from barren table-land, forming a muddy torrent]

Measures to fix production quotas for households and production units adopted by Anhui, Sichuan and

Guizhou soon spread throughout China at great speed. By 1984, 5.69 million production teams in China's sprawling rural areas had assumed various forms of production responsibilities. [video shows scenes of bumper crops, aerial views of well-tended terraced fields, mammoth parades at Tiananmen Square supporting the CPC's contract policy, and close-ups of a smiling Deng Xiaoping standing at the Tiananmen Tower waving to the crowds in acknowledgement]

The progress which Chinese peasants have made since the responsibility system was carried out in Anhui's Xiaogang production team merely six years ago attracted worldwide attention. From 1982 to 1986, the central authorities sent down No. 1 documents for five years on end, pledging solemnly to the nation's 800 million peasants that the household-based contract system and the system governing rural households' business operations would remain unchanged in the rural areas for a long time to come.

To be careless with land is the most intolerable thing. It is a piece of wasteland if it is allowed to lie waste; it is a piece of cultivated land if it is cultivated. If we respect the peasants as they respect their land, the vast farmland areas will give forth fruitful yields in line with the laws governing production. In the year China set an all-time high record in grain production, total output reached 420 billion km and per-capita output 400 km. For the first time, its grain output reached the world's average level. Its per-capita amount of cotton also surpassed the world's average level. [video shows a vast expanse of cultivated land]

Six years ago, Deng Xiaoping predicted to his colleagues that once a production team was given independent management and operational rights, its cadres and members would not be able to sleep if a piece of land was allowed to lie waste and a small tract of water area was not used to cultivate aquaproducts; they would certainly think of a way to make use of their unused land or water area. How much wealth would be increased if the few million production teams across the country began to think about how to increase production. The policy for economic reform in the countryside truly shows that China's politicians know China's countryside thoroughly well. [video shows scenes of peasants engaging in production and crop fields] Now the Chinese people are qualified to announce to the world with pride that the era of poverty has basically come to an end in China.

The second-step rural reform in China began as the bells rang to usher in the new year of 1985. In a timely manner, the Central Committee put forward the strategic policy that without agriculture, there will be no stability; without industry, there will be no prosperity; and without commerce, there will be no vitality. The upsurge of a commodity economy was the first to pound away the self-imposed closed status in the vast countryside. The rapid spread of the production responsibility system in the rural areas is forceful evidence that it is a very effective form for developing China's rural

economy at the present stage. This system has greatly emancipated the peasants' long-suppressed enthusiasm for production and has tapped the potential for production, causing agriculture to be transformed from a self-sufficient and semi-self-sufficient mode of small-scale production to one of large-scale production of commodity grain and from traditional way of farming to large-scale modern farming. [video shows scenes of lumbering and large-scale farming with tractors] The emergence of surplus labor power and funds stimulated the development of diversified projects in the countryside. Specialized work teams of all kinds quickly spread to both the urban and rural areas following the development of village and township enterprises. Finally, the peasants, who had worked on the loess soil all their lives, began to free themselves from its shackles. This is another important assault at industrial operational rights in the course of China's rural development following the transformation of land use rights. [video subtitles show the following information on the development of China's village and township enterprises: "In 1988, the total output value of village and township enterprises reached 649.5 billion yuan, equivalent to the country's total output value in 1978—this means in the 10 years since the introduction of reform in the rural areas, the progress made by village and township enterprises is equivalent to that made by New China in the past 30 years"]

This feat, as remarkable as the bumper grain harvest in 1984, is the second upsurge roaring on to the field of hopes. [video shows shots of ripe grain crops and of surging waves]

The sudden rise of an industrial civilization from out of the soil where slash-and-burn cultivation had continued for millennia, shook the whole world. The industrial revolution in Chinese rural areas in the 1980's gave birth to the country's second industry. Three centuries ago Britain, in order to complete its primary accumulation of capital, savagely drove peasants out of their homeland. In China today, however, hundreds of millions of peasants have given up farming but remain in the countryside, joining the torrent of industrialization with pride and confidence.

The Chinese peasants have been fortunate. For the first time, they have become swimmers in the giant ocean of the commodity economy. [video shows historical footage of the British industrial revolution and shots of mushrooming factories and workers in Chinese rural areas]

It has not been plain sailing for reform. It has been even less so for entrepreneurs who share the same destiny as the reform. Let us look at some historical footage which has become a standing joke. Lu Zhimin, a plain looking rural youth, was once stopped by traffic police in the sedan he was riding in. Whose car is this? It's mine. What is your rank? I have no rank; I am a peasant. A peasant, are you? How can you ride in a car? The police impudently took away his license plate. Indeed Lu Zhimin does not have a rank, but he has sufficient authority to direct a village enterprise with fixed assets worth 35

million yuan and an annual output value of 40 million yuan. Although short of capital, equipment, raw and semi-finished materials, and high technology, village and township enterprises have wandered like orphans and grown miraculously in China's rural areas. [video shows shots of Lu working in his office and factory; a caption identifies him as manager of Hongzui Agriculture, Industry, and Commerce Joint Company in Siping City, Jilin Province; video also shows shots of modern highways in rural areas]

The Dongwan model is a road for developing village and township enterprises engaged in the processing of farm and subsidiary products. Through readjusting the agricultural structure and developing intensive processing industries for farm and subsidiary products, the development of village and township enterprises in Dongwan is of universal significance for China's vast rural areas as a reference.

This is the only road to development for them. Between 1979 and 1990, Dongwan City's comprehensive economic index grew by an annual average of 21 percent while its per capita rural income rose from 193 yuan to 1,359 yuan, a figure far above the national and the Guangdong Provincial per capita income. Eighty percent of the city's farming households live in newly-built modern houses. [video shows shots of prosperous scenes in Dongwan's urban and rural areas]

The Wenzhou model is a road for developing village and township enterprises, relying as it does on commercial activities and gradually expanding ties with the processing industries of other local markets. It is through taking this road that Wenzhou has freed itself from the limitations of local resources, created an opening in the regional commercial circulation, and become part of the national network of markets.

Wenzhou now plays a significant role as a bridge in promoting commodity circulation between rural and urban areas. This is Qiaotouzhentown in Wenzhou's Yongjia County, which is reputed to be the largest button market of the Orient. In 1979, a certain Tan Mianjiang set up the first button stall in town with a batch of used buttons he had bought from another local market. Today there are more than 800 button stores and stalls in Qiaotouzhentown, which sell 1,700 kinds of buttons manufactured by some 300 button factories throughout the country.

In addition to 5,000 management personnel working daily in the town market, 9,000 people are doing procurement and sales in other localities, forming a circulation network covering 30 provinces, municipalities, and autonomous regions throughout the country. [video shows thriving button markets in Zhejiang's Wenzhou]

The southern Jiangsu model is a way to develop village and township enterprises by absorbing technical forces from Shanghai, Nanjing, and [word indistinct] major cities. For deep-rooted historical reasons, large numbers of scientists, technicians, and skilled workers from cities

have settled down in villages and towns and, taking the great opportunity of reform, have played a decisive role in the torrent of the commodity economy in rural areas.

This is a new road for coordinated development of urban and rural industries. By relying on its substantial textile technology, Shengze township in Suzhou City's Wujiang County, a nationally renowned silk town, has been able to sell its silk products to countries in Southeast Asia, Europe, and America.

The township also houses China's largest silk market, which has an annual output value exceeding 1 billion yuan. Sociologist Fei Xiaotong once praised the township for its immense silk production and clothing supply to national consumers. [video shows shots of busy textile workers in factories and beautiful silk embroidery]

In 1987 the total output value of village and township enterprises owned by peasants exceeded, for the first time, the gross agricultural output value. In 1990 exports by village and township enterprises earned \$13 billion in foreign exchange, which constitutes 2.38 percent of the national foreign exchange earnings of that year.

In 1991 there were more than 2,000 village and township enterprises in China; more than 100 million workers were engaged in both farming and industrial production; and the gross output value of village and township enterprises reached 1,100 billion yuan. [video shows shots of Chinese landscape]

What is socialism with Chinese characteristics? In a sense, it aims to absorb the heavy burden of the population of more than 1 billion. In the world today, while developing countries often agonize over the explosion of population and other maladies in urban areas resulting from rapid economic growth, the rise of village and township enterprises—a general trend of urbanization in China's rural areas—explains that the elimination of differences between urban and rural areas, a dream of many communists from Marx and Lenin to Mao Zedong, has become a reality on Chinese soil. [video shows shots of everyday life for Chinese people from all walks of life]

Leaves keep falling from the tree by the lakeside; the waves of the Chang Jiang are surging. Through about 300 rural observation posts, the relevant central department has conducted questionnaire surveys among 10,938 farm households throughout the country's 30 provinces, municipalities, and autonomous regions.

The findings are heartening: 87.4 percent of farm households are satisfied and only 0.8 percent are not satisfied with the rural reforms. Of those who are satisfied, 90.4 percent say that they enjoy decisionmaking powers in production; 57.2 percent say that they have more freedom; and 51.5 percent say that the thriving country fair trade has facilitated transactions. [video shows footage of Jiang Zemin chatting and shaking hands with peasants in the fields and inside their homes]

The commodity economy, a transition from the natural economy, is not only an economic and social process, but also a process of involving the awakening of the self-consciousness of peasants. Deng Xiaoping has made an incisive deliberation on the entire definition of this process.

He points out: Reforms which have been carried out in rural areas in recent years are a transformation with revolutionary significance. Undoubtedly the hurricane of rural reforms is knocking more and more fiercely on the windows of the mansion of the republic and will surely push the Chinese nation on its march toward modernization with tremendous momentum.

This magnificent prospect of surging tides reveals a truth: Although the overall plan for rural economic reforms was conceived by the party Central Committee, it has turned into an irreversible giant current in our time because it has involved and given actual benefits to hundreds of millions of peasants and, thus, become the conscious action of the masses of people. [Video shows shots of roaring waves of rivers; cuts to show footage of Deng Xiaoping, seated and making remarks to a crowd of journalists; his remarks are captioned on the screen: "China has no future unless it practices socialism, carries out reform, opens itself to the outside world, develops its economy, and improves its people's livelihood"; video then cuts to show a rising sun and various facets of the landscape and life in China, as well as verses of a poem which reads: We till the land and harvest an ideal; we raise our wind canvass in pursuit of tomorrow's hopes. Alas, a cherished dream of 5,000 years has inspired 1 billion people, who travel at double speed and are weather-beaten. Without deep sighs of a long eulogy, without wavering and sorrow, we use the blood of the Huang He and the ridge of the Great Walls to hold up a fresh sun!]

Economic & Agricultural

Zhu Rongji Gives Speech on Enterprise Reform

HK0306075092 Beijing ZHONGGUO JINGJI
TIZHI GAIGE in Chinese No 2, 23 Feb 92 pp 7-9

["Excerpts" of speech by Vice Premier Zhu Rongji at a national meeting on restructuring economic systems: "Establish New Systems Before Breaking With Old Ones, Define Responsibilities and Authority, and Set Criteria and Standards"; date and place unknown]

[Text] Comrade Li Peng has said many times that the emphasis for this year's reform is enterprise reform, especially the change of the enterprises' operational mechanisms; and I completely agree with him. The following are my three suggestions:

The first is the understanding of this question. When addressing the State Council plenary session last 23 December, Comrade Li Peng said: Given the comparatively good economic situation at the present time, we

must be able to see some deep-seated questions, which seriously prevent the national economy from developing into a benign cycle. He said: The historical achievements of last year's central work conference lie with the fact that given a very good situation, we kept our minds sober and understood the question of improving large and medium state-run enterprises on the plane of consolidating the socialist economic foundation. Moreover, we correctly elaborated on the relations between internal and external factors and stressed changing the operational mechanisms of enterprises. I feel that for the current deep-seated questions, we must have a correct understanding and a sense of urgency. At present, one third of enterprises are making losses, and another third are in latent danger of making losses. If this problem remains unresolved for too long a time, it will incur a great loss. Therefore, at last year's work conference on the technological progress of enterprises, I proposed that the industrial and transportation fronts must not wait another five years and must be changed in three years and that they must curb losses and make profits. They should curb their losses this year, improve profits next year, and develop basically normally the year after next. Otherwise, their financial difficulty will be greater and greater. We should have a sense of urgency for this problem. How then are we to curb the losses and to resolve the problems of large and medium state-run enterprises? At the central work conference, Comrade Li Peng put forward 20 measures, the spirit of which is to readjust enterprises' structures and enable them to increase economic returns. There are 20 concrete methods, and they are enough, and yet not one can be lacking. The point is that, to conscientiously implement the 20 measures, it is necessary to proceed with work on the basis of changing the enterprises' operational mechanisms, or they will go unimplemented.

The second is that, to promote change of the enterprises' operational mechanisms, the State Council has decided to formulate regulations for implementing the "Enterprise Law." As for how they are to be formulated, Premier Li Peng has given clear instructions and also spoken about this many times. I have summed them up into three points, which can be said to be the guiding thought for us to formulate regulations for implementing the "Enterprise Law." First, the specific contents of these regulations must not be too complicated or all-inclusive all at once. They can only be geared specifically for changing the enterprises' operational mechanisms and give clear specifications for some major questions. Other details can be supplemented in the future. Second, one of the important things for these regulations is that it is necessary to use legal language to define ownership and operating rights. Here we must particularly stress that a factory director entrusted by the state to manage and run state property must guarantee its value and valorize it. It is unreasonable for a factory director to retain his office if the enterprise he is managing is making a loss. Third, the regulations must be able to resolve personnel and

labor problems, especially internal distribution problems. It is necessary to create investment and distribution regulatory mechanisms, and distribution must not be made in excess favor of individuals. In the final analysis, it is necessary to resolve the problem of people's contracting to make profits rather than losses.

The third is the question of how to formulate the regulations. The regulations should be formulated and put into practice as soon as possible. But this is very difficult.

The following are my three personal suggestions regarding how to formulate the regulations:

—Formulate new regulations before breaking with old ones; and reach targets at different periods. The regulations are not for use for only one or two years, but are for a long time to come; and it is first necessary to formulate them. Reaching targets at different periods means there must be a process for achieving various targets. Formulating new regulations before breaking with old ones first of all demands the existence of criteria and matching measures. If these do not exist, it is impossible to do so. If an enterprise does not have the right to dismiss staff and workers, it will be impossible for it to operate independently and assume sole responsibility for its losses and profits. For an enterprise to dismiss staff and workers, it must have sound rules and regulations; for example, it should amplify the social security system including sound unemployment insurance, improve training for staff and workers who have changed jobs, and set up career advice centers. If the regulations do not include all this, it will be impossible to implement them. The regulations must be able to ensure the enterprises' right to appoint personnel and strengthen labor discipline, and at the same time ensure social stability.

—Define responsibilities and authority and change functions. At present, there are so many departments, and they possess great powers and are managed too slackly. Premier Li Peng made a brilliant remark, saying: If the government does not streamline the organizations or change their functions, it will be impossible for the regulations to suit them. Therefore, in formulating the regulations, it is necessary to focus on defining responsibilities and authority. The regulations must clearly specify what responsibilities an enterprise must shoulder and what tasks it must complete for the state if the state confers the right of management to it. If the enterprise cannot fulfill the tasks, its factory director must resign. We must not tolerate an enterprise's continual loss for three years. If an enterprise incurs losses in the first year, we must give it a "yellow warning card." If it continues to incur losses in the second year, its factory director, no matter how good he is, must resign and find another job. This is responsibility. Now that we have given the factory director this responsibility, we must give him authority accordingly. In other words, various central departments can only supervise him. The government's responsibility is to supervise the factory

director so that the ownership [of state property] will be taken over or that state property will not be used up. The factory director must complete the tasks he shoulders. As for the question of how to complete them, generally speaking, they must be completed under the guidance of state laws, policies, and plans. The factory director's exercise of his powers must not be interfered with by various departments or even by individual commands. It will not do if they interfere in the planning for the enterprise's development and in its decisionmaking for its operations. It is necessary to gradually reform many of the current systems, including even the examination and approval system. If an enterprise has established its self-regulatory investment mechanism and the bank the same regulatory system, it will be that they do not pass the risks on to the state but shoulder responsibilities themselves. If they have their regulatory mechanisms, then approval and examination will become unnecessary. Only by defining responsibilities and authority and changing supervisory departments' functions can enterprises achieve the objective of operating independently and assuming sole responsibility for profits and losses. What should supervision be? We can consider some organizational forms, for example, organizing a supervisory council. The supervisory council can consist of government (ownership) representatives and representatives of staff and workers, entrepreneurs, bankers, and management experts. The supervisory council is to supervise and audit. Each year, ownership representatives or the supervisory organization should audit all enterprises and examine their balance sheets.

—Manage factories according to regulations and set criteria. All articles of the regulations should be written in legal language. Their words should be very clear, mention substantial contradictions, dare to cope with difficulties, and suggest resolution methods. If the regulations are written in general terms, it means you are not prepared to implement them at all because you have avoided the contradictions. It is necessary to reform the various departments' current rules. Otherwise, the regulations will be unable to resolve problems. If we have formulated the regulations and made them a national criterion, then it will be very easy to manage enterprises. We can be strict in the management of factories according to the regulations. If anyone breaks the regulations, he should be punished or dismissed accordingly, no matter who he is. In addition, regarding distribution, Premier Li Peng said it is necessary to keep the total supply and demand under control. The current payroll method, in which wages are commensurate with returns, has this phenomenon: Wages are commensurate with profits and yet incommensurate with losses. Therefore, wages and returns must be clearly written down in the regulations [as published]. I have a suggestion for this: A nationwide general range of wage increases be fixed according to the situation of national economic development and returns. Then all departments fix wage increases for their own trades. All trades should fix the

average and maximum of their wage increases, and the maximum should be fixed according to the situation of advanced enterprises. On this basis, enterprises should work out wage increases in light of their returns. Returns should take into account all targets, not just one target, especially not just the output value target. The enterprises' wage increases can only be lower, not higher, than the maximum wage increase of their trades. The former practice that income was unlimited will give rise to a great gap in income. An enterprise's returns and wages that exceed the maximum of its trade can be used to set up the wage risk foundation, with which one year's surpluses can be used to compensate for another year's losses. At present, we do not have reserves for the wage foundation, and we use up all the profits we have made in one year. If we make a loss in another year, we will have to borrow from banks or use special funds to pay bonuses because we have no funds. This is impractical.

In short, in formulating the regulations, it is necessary to pay attention to several major points which must be very clear. They [the regulations] must work. If they do not, then there is no need to formulate them as our "Enterprise Law" has already laid down principled specifications for such important questions as the relations between the enterprise and the state, between enterprises, and between the enterprise and staff and workers.

Song Jian Views Nationality Regions' Economy

HK3005035392 Hong Kong LIAOWANG
OVERSEAS EDITION in Chinese No 21 25 May 92
p 4

[By Jia Guangjie (6328 0342 0267): "Song Jian, State Councillor and Minister of State Science and Technology Commission, on Developing Economy of Minority-Nationality Regions by Relying on Scientific and Technological Progress"]

[Text] Song Jian, state councillor and concurrently minister of the State Science and Technology Commission, told reporter a few days ago: Since reform and opening up, great progress in scientific and technological work has been made and a gratifying scene of "invigorating all trades through application of scientific and technological advances" has been presented in the minority-nationality regions, which account for 60 percent of the areas of China's land. He cited the following instances to illustrate these facts.

During the period of the Sixth Five-Year Plan, Inner Mongolia Autonomous Region scored 1,571 important scientific and technological achievements of all kinds, five of which won state scientific and technological invention prizes or state technological progress prizes. A species of fine breed sheep which Inner Mongolia has cultivated has important effect on the development of state animal husbandry and has been popularized in more than 10 provinces and regions. The world's first flock of "tube sheep" and "tube cattle" cultivated by

Professor Xu Rigan of Inner Mongolia University have reached the international advanced standards in the aspects of the maturity rate of ova and the cultivation and development of the external cytula [tiwai shoujingluan 7555 1120 0649 4737 0607]. The feed thermojet technology, whose patent was taken out by Inner Mongolia, holds a lead among the other nations. The number of wind-driven generators possessed by the whole autonomous region makes up some 90 percent of the total number of the whole country and draws international attention.

The ramie products developed by Guangxi Zhuang Autonomous Region have already become an important pillar industry of the autonomous region for earning foreign exchange from export, and the development of the fine pure ramie yarn product has attained the international advanced standard. In addition, considerable progress has also been made in the development of the products, including southern pearls, pineapples, natural spices, lysine, smoked chickens, and water-heating apparatuses. Nanning new technological development zone is now building a science and technology street with agrobiological engineering as the major aspect, the first one in the whole country.

During the period of the Seventh Five-Year Plan, Xinjiang Uygur Autonomous Region carried on the largest project in China's history of tackling key geoscientific items—"Speeding up the Ascertainment of Xinjiang Mineral Resources Geology and Comprehensive Study of Geochemistry"—and scored some 200 achievements. Other achievements reaching the domestic or international advanced scientific and technological achievements numbered 269.

The most salient achievement scored by Ningxia Hui Autonomous Region is that the per capita consumption of grain of the whole region in 1990 was 410 kg and exceeded the national average level. This expanse of loess plateau which was poor and backward in the past now not only has become a state energy base but also has a large number of "tree-planting magnates" and "rich and influential grain-selling households." Science and technology played a tremendous part in their achievements.

Tibet Autonomous Region has leaped over a century of development, and approximately 900 varieties of vegetables, fruits, and forests have been transplanted on this ancient wasteland. Of them, winter wheat was transplanted and popularized in the 1970's and as a result, the autonomous region's gross output of grain increased by 1 billion kg and the average per unit yield has increased from some 50 kg to about 200 kg. Ngari Prefecture has also built a solar energy heating room, the largest one in the whole country, and herdsmen of northern Tibet are able to use portable solar energy lights. The light of science and technology guides the people of Tibet into the modern scientific and technological and civilized realm.

Song Jian pointed out: The achievements in the development of science and technology in the minority-nationality regions are remarkable and the momentum strong. To make their economy develop unremittingly, the minority-nationality regions must further intensify their scientific and technological work. To enhance labor productivity, the most fundamental work is to rely on scientific and technological progress and specifically speaking, there are three points:

—It is necessary to step up the training of qualified personnel in the fields of science and engineering and this plays an important part in invigorating a nation. Xinjiang has proposed that every year, 100 young people who are equivalent to the standard of a candidate for a doctor's or a master's degree should be selected and sent to a university and a research institute to study and work for two years as those participate in post-doctorate scientific research work. In the light of their actual needs, regions, including Tibet and Inner Mongolia, can also select and send young people from among all nationalities. If several hundred young people are selected and sent in this way each year, beginning the first year of the Eighth Five-Year Plan, all minority-nationality regions will select and send tens of thousands of people in five years. These people are the sparks of science and technology. The State Science and Technology Commission has done some work in this aspect. For example, to help Tibet restore the autonomous region science and technology commission, the State Science and Technology Commission has run a "study course for the science and technology management cadres of Tibet Autonomous Region," with the participation of 37 cadres engaged in scientific and technological work at the regional, prefectural, and county levels, and the students have benefited very greatly; four minority-nationality cadres from Tibet, Yunnan, Guangxi, and southeast Guizhou have gone to work in the State Science and Technology Commission for half a year, with their original posts retained, and they unanimously said that their work was rewarding. Such a form of training and exchanging cadres by rotation with their original posts retained should continue as a policy, and in the future they must also be organized and sent, with their original posts retained, to work in some township and town enterprises of the coastal regions which have developed comparatively well.

—It is essential to train a large number of entrepreneurs engaged in scientific and technological work. These people have not necessarily studied in a university but must have a bit of scientific and technological knowledge, know the importance of science and technology, and be able to direct their local minority-nationality brothers to develop the economy in compliance with science and technology. For instance, they run township and town enterprises, cooperatives, companies, and others. The minority-nationality regions have many middle school graduates, demobilized servicemen, and returned educated young people and can

discover, train, and cultivate a large number of people from among these graduates, demobilized servicemen, and returned educated people, to lead in doing scientific and technological work. In this way, there will be more people taking the lead and the minority-nationality regions will get rich very soon.

—It is imperative to carry on scale operation and pillar industries. Only by doing so can science and technology give full play to their tremendous might and enhance the labor productivity of a nationality as a whole. For example, if all people get together to carry on a scale operation, rely on science and technology to breed several tens of thousands of sheep, make all channels smooth, and build up a large new network of production, supply, and marketing, they can enable the whole village and even the whole county get rich very quickly in this way. It can be seen that relying on science and technology to develop the commodity economy on a large scale is the key to making the minority-nationality regions rich.

In conclusion, Song Jian pointed out: With the rapid changes at the present time, the minority-nationality regions and developed regions are all developing, but due to their different foundations and starting points, discrepancies between them still absolutely tend toward expansion. It is, therefore, a pressing matter of the moment to help the minority-nationality regions to develop as soon as possible.

Industrial Output for First Quarter Reported

HK3105072292 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 31 May 92 p 2

["Stats" column compiled by Wang Xiangwei: "Industrial Output"]

[Text] Industrial output in the first four months amounted to 841.30 billion yuan (\$153 billion), a hefty increase of 18.3 percent over the year-ago level, according to the latest government statistics.

Figures show that light industrial output jumped 16.2 percent to 409.32 billion yuan (\$74.44 billion) while heavy industrial output gained 20.3 percent to 431.98 billion yuan (\$78.5 billion).

State-run industries generated 531.65 billion yuan (\$96.7 billion) in output, an increase of 13.4 percent, while the collectively-owned enterprises chalked up a 24.3 percent increase over a year ago to 248.37 billion yuan (\$45.2 billion).

Foreign-funded enterprises and private firms generated 61.29 billion yuan (\$11.1 billion), a buoyant increase of 43.4 percent.

A close look at the production of major industrial products in the first four months shows most increased; some increased substantially. Production of television

sets increased by 9.41 million. About 4.3 million were colour televisions, an increase of 13.6 percent.

Production of domestic washing machines gained 4 percent to 2.66 million while production of refrigerators went up 12.4 percent to 1.6 million.

Automobile production was up 51 percent to 302,700.

Yarn production declined 2.5 percent to 1.53 million tons while production of chemical fibre fell by 11.4 percent to 552 million metres.

Steel production rose 15.3 percent to 25.64 million tons while production of steel products increased 18.4 percent to 20.79 million tons.

Production of sulphuric acid grew 11.5 percent to 4.56 million tons while production of soda ash was up 9.4 percent to 1.39 million tons.

Production of chemical fertilizers was up 7.1 percent to 692,200 tons while timber production inched up 2.6 percent to 16.62 million cubic metres.

Cement production was up 19.5 percent to 79.91 million tons.

Meanwhile, energy production in the first four months totalled 315.72 million tons, down 0.4 percent.

Chemical Industry Profits Drop First Quarter

HK3105071492 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 31 May 92 p 2

[By Zhang Yuan: "Chemical Sector Sees Profits Plunge"]

[Text] The chemical industry's profits took a nosedive in the first quarter of this year despite an increase in sales, according to a report released this week by the Ministry of Chemical Industry.

Profits are being squeezed by price increases in energy, materials and transport as well as lower selling prices, the report said.

Despite the drop in profits, production maintained a steady growth rate.

Figures show that sales by the chemical firms backed by the State reached 25.2 billion yuan (\$4.6 billion) in the first quarter, up 15 percent from the first quarter of last year.

Production also outpaced the previous year, by 5.6 percent, the report said.

But profits of the chemical companies dropped by 4.8 percent compared with the first quarter of last year.

Rising costs hit companies hard. For instance, electricity price increases alone will raise production costs by 40 million yuan (\$7.3 million) for chemical firms in seven prefectures and cities of Hebei Province this year.

One chemical company in Shanxi Province had to slash its profit estimate for the year by 15 million yuan (\$2.73 million) because it cut prices on 29 kinds of chemical products to stay competitive.

Shortage of transportation and growing reliance on bank loans have also caused problems for some chemical producers, the report said.

Despite those factors, the industry as a whole maintained a growth momentum last month.

In April, the industry turned out 15 billion yuan (\$2.7 billion) worth of chemical products, an increase of 11.8 percent from April 1991.

The industry's total production value in the first four months of this year reached 53.5 billion yuan (\$9.7 billion), up 11.2 percent from last year and much higher than the six percent growth rate prescribed for the year.

Daily Reports Beijing Keeps Economic Stability

OW0306081092 Beijing XINHUA in English
0752 GMT 3 Jun 92

[Text] Beijing, June 3 (XINHUA)—China's economy exhibited stability and a slightly higher growth rate during the first four months of 1992, according to information provided by an expert from the State Statistics Bureau in a recent interview with "ECONOMIC DAILY."

According to senior statistician Qiu Xiaohua, between January and April, industrial production increased by 18.3 percent over last year's same period; investments in fixed assets increased by 38.6 percent; the gross retail volume of commodities rose by 14.6 percent; the per capita income of urban residents increased by 10 percent; and revenues rose by over 10 percent.

While growth rates appear to be greatly exceeding state-set targets for the year, the rates are both normal and positive, according to Qiu.

He explained that the country has maintained the basic balance between supply and demand, and that international payments are being carried out on schedule.

China has a sufficient stock of both production materials and consumer goods, said Qiu, adding that the country has sufficient stocks of consumer products, about 90 percent of the total products available. At the same time, the consumer purchasing trends have switched from commodities to stocks and bonds.

Qiu pointed out that total retail sales of commodities increased by 9.7 percent in April, indicating that the stability of the consumption psychology.

He explained the reasons for rapid economic growth by saying that high investments in fixed assets have played a positive role in promoting economic growth. Such investment has helped to accelerate the development of heavy industry and a growth in consumption, while the

stable social environment and the acceleration of reform and opening to the outside have also contributed to continued growth.

Another major factor is the speech made by senior leader Deng Xiaoping during his tour of south China earlier this year which has aroused great enthusiasm throughout the country. At present, Chinese citizens are highly optimistic about the future economic development, and the new measures on reform announced since the beginning of this year have also helped to increase the country's production potentials.

Qiu noted that the flexible credit policies of Chinese banks have also put previously idle saving into circulation to ensure an ample supply of funding for economic construction.

The rapid economic growth has also helped industrial enterprises to become efficient.

In addition, the profits of state-owned enterprises increased by 16.4 percent and pre-tax profits of commercial departments increased substantially during the first four months of 1992. Increases in state financial revenue during the period have helped to improve supply and have served to stabilize the market, according to Qiu.

However, he said that the country must not ignore the problems which might result from rapid economic growth. For example, the overall efficiency of the national economy remains unsatisfactory, and large numbers of industrial enterprises continue to incur losses, while their profit rate on sales remains at a low 1.57 percent.

Qiu noted that, between January and April, the output of industrial oriented collective enterprises increased 24.3 percent, while that of rural firms rose by 33.2 percent. Nonetheless, their respective sales volume remained only 85.7 and 82.3 percent, far below efficient sales of near 97 percent. Such a large gap indicates that enterprises continue to engage in blind production.

He said that by the end of April, the value of stockpiled goods had increased by over 20 billion yuan. He mentioned other problems, including the fact that investments in energy and transportation have decreased, while investments in the processing industry have risen.

Qiu urged various departments to grasp the opportunity to accelerate reform and opening in order to establish a system and the mechanisms suitable to the demands of a planned commodity economy.

Overcoming various contradictions between the new and old systems will guarantee stable and coordinated economic development, Qiu said.

He added that China should strengthen macro control while the economy is developing at a rapid rate in order to ensure the basic balance of market supply and demand, and should also pay attention to investment priorities.

He stressed that the country should also control credit in order to ensure stable national economic development.

Rural Household Contract System Said To Remain

HK0206073692 Beijing CHINA DAILY in English
2 Jun 92 p 1

[By staff reporter Li Hong: "Household Contracts for Farmers To Remain"]

[Text] The Ministry of Agriculture has said the country's 13-year-old rural household contract system "will not be changed in the foreseeable future", although bigger plot farming has been practiced in some areas, officials said.

To put a growing number of contract disputes at rest, the ministry will allow relevant departments to rewrite "certain provisions" of the contracts, in order to protect the interests of both the State and the peasants, Fu Yuxiang, an official with the Ministry's Rural Co-Operative Economy Department told CHINA DAILY.

Fu said "Unreasonably high profits" of some contractors will be offset by higher tax, and farmers' illegal over-exploitation of land before the contract term expires will be punishable by fines. Usually, the contract term ranges from 10 to 20 years.

Fu also said it was normal for economically developed rural areas like Guangdong, Jiangsu and Shandong to experiment with "scale-land farming"—encouraging some farmers to work a larger plot of land to make agricultural machines more applicable.

"The farmers there did this at their own volition," Fu said.

In China, every rural household contracts an average 7.65 mu (about 0.5 hectares) of farmland, which is often made up of several small pieces in different places.

Chan Yaobang, Vice Minister of Agriculture, stressed that farmers are obliged to tap and benefit from their contracted land.

"The farmers' contract responsibility system is protected by law," he said.

Chen said the central government would see to the consistency of its rural household contract responsibility policy, while ruling a case in which a local county official of north-west Xinjiang Uygur Autonomous Region terminated farmers' land contracts.

Local officials' abuse of farmers' contracted plots are also reported, Fu Yuxiang said.

The PEOPLE'S DAILY reported recently that two farmers in northeast Liaoning Province accused their village committee of forcefully taking back 68 hectares of land contracted to 11 rural families for a term of 20 to 25 years.

And, the FARMERS' DAILY said farmers in suburban Tianjin Municipality had brought their grievances to Beijing.

"Some people are growing doubtful of the government's good faith in its rural policy," Fu said.

Ministry statistics show every year more than 10 million contract disputes are reported, which account for about three percent of the country's total rural contracts.

First Farm Wholesale Production Market Opens

HK3005070092 Beijing CHINA DAILY
in English 30 May p 1

[By staff reporter Xie Liangjun: "Wholesale Market To Promote Agriculture"]

[Text] In a new bid to establish an efficient market mechanism, China will launch its first wholesale market for agricultural production materials on June 6 in Jinan, capital of Shandong Province.

The move is aimed at promoting trading of farm production materials which are outside the government monopoly, according to officials from the Ministry of Commerce and Shandong provincial authorities yesterday in Beijing.

Currently, some 80 percent of the country's agricultural production materials such as chemical fertilizers, pesticides, plastic sheeting and farming machines are trading on the open market.

In Shandong, marketable agricultural materials accounted for 70 percent of the total.

Shandong was picked as the location because it is the country's largest agricultural producer, with its agricultural output value ranking above most other provinces.

Liang Kaijun, president of the Shandong Provincial Supply and Marketing Co-operative, told reporters that the province's business volume of agricultural materials reaches at least 2.5 billion yuan (\$462 million) a year.

The province's own demand for such materials accounts for one-tenth of the country's total, while its annual sales are the country's largest.

Liang said that all transactions covering as many as 2,000 kinds of materials will be made in the 6,000-square-metre business building, which is equipped with a micro-computer information indication system and television video-recording facilities.

However, only Chinese companies or co-operatives which have government permission to conduct production or business may enter the market.

He said that business and services will include retail and wholesale, futures trading, hosting fairs as well as offering technical consultation and advertising information.

Currently, the market has forged regular business and co-operation ties with 150 domestic manufacturing plants of chemical fertilizers, pesticides, farming sheets, machines and tools. It has also established relations with more than 20 foreign companies from Switzerland, the United States, Germany, France, Britain and Japan.

Vice Commerce Minister on Further Grain Purchases

OW0106044292 Beijing XINHUA in English
0429 GMT 01 Jun 92

[Text] Beijing, June 1 (XINHUA)—China's Ministry of Commerce is planning to buy more wheat from farmers this year in order to ensure sufficient supply for the market.

It is expected that the output of wheat and rapeseed may drop because of the reduction in planting areas and the bad weather in spring, according to Bai Meiqing, vice-minister of commerce and director of the State Grain Reserve Administration. He was speaking at a national meeting on the purchase and storing of summer grain and edible oil, according to today's ECONOMIC DAILY.

The state grain reserve administration, under the leadership of the State Council, supervises the country's grain and edible oil reserve departments and is responsible for macro control of the national distribution of grain and edible oil.

The vice-minister urged the reserve departments in wheat production areas in north China to fulfil the grain purchase target of this year, and those in other production areas to meet the wheat target.

Bai also asked the grain reserve departments to be well-prepared and vacate more storing houses for the summer grain.

Forum Says Summer Grain Output Probably To Drop

OW2905054492 Beijing XINHUA Domestic Service
in Chinese 0820 GMT 28 May 92

[By reporter Jiang Jun (1203 6511)]

[Text] Wuhan, 28 May (XINHUA)—A national conference on the purchasing of summer grain and oil-bearing crops and on their reserves opened in Wuhan today. Vice Minister of Commerce Bai Meiqing pointed out at the conference that this year's output of summer grain and oil-bearing crops will apparently drop. He called for striving to purchase summer grain and oil-bearing crops in all localities.

Bai Meiqing said: In most major provinces which produce summer grain, a drought persisted in the last winter-spring period. Some parts of south China were hit by frost, low temperatures, and an unbroken spell of wet weather. As a result, the area sown to wheat decreased, the quality of sowing was poor, and young plants did not grow as well as last year. It rained or snowed throughout

the country in March. The drought was basically alleviated, and crops began to do well. However, the output of summer crops will apparently decline.

In light of this situation, Bai Meiqing pointed out that it is necessary to purchase as much summer grain as possible. He said: Wheat is one of the grain crops of which our country does not produce enough. To get hold of grain and ensure its supply, we should purchase as much wheat as possible. In serious disaster areas, the purchase of wheat may be delayed after taking local circumstances into consideration; however, such areas should make up the loss in the purchase of autumn crops. The task of purchasing summer grain and oil-bearing crops must be resolutely completed in all other areas. In major wheat-producing areas in north China, we should still encourage people to accomplish their annual task of selling wheat to the state in the summer. In rice-producing areas in south China, while making arrangements for purchasing fixed amounts of summer grain, it is also necessary to define this year's policy for the purchase of early rice. According to local market demands and their task of purchasing fixed amounts of early rice, local governments may adjust their plans for purchasing different kinds of grain in different seasons and properly reduce the proportion of polished long-grained nonglutinous rice to be purchased. They should uphold the policy of paying a higher price for good-quality grain and a lower price for poor-quality grain. After finishing the purchase of fixed amounts of grain, all localities should make vigorous efforts to buy grain at market or negotiated prices.

On the purchasing of summer grain and oil-bearing crops, Bai Meiqing said: It is necessary to prevent the market price of oil from dropping further to not dampen peasants' enthusiasm and not to affect the development of oil production. This year's policy for purchasing rapeseed should remain stable. We should purchase cooking oil at market or negotiated prices and do our best to buy all the rapeseed peasants want to sell. At the same time, we should vigorously promote the marketing of vegetable oil.

Bai Meiqing stressed: While efficiently purchasing summer grain and oil-bearing crops, various localities should continue to make proper arrangements for the livelihood of the people in the disaster areas. Close attention should be paid to summer famine in some areas, and proper arrangements should be made for the livelihood of the masses in the new disaster areas. We should resolutely practice a responsibility system in providing disaster relief, and under no circumstances should any problems be allowed to arise in this regard just because of grain already arranged for other purposes.

Article on Agricultural Modernization Pace

HK2905031892 Beijing GUANGMING RIBAO
in Chinese 9 May 92 p 3

[Article by Gao Shangquan (7559 1424 0356), vice minister of the State Commission for Restructuring Economy: "Speed Up Pace of China's Agricultural Modernization"]

[Text] The objective and orientation of our country's economic structural reform is to establish a new economic structure, which is a planned commodity economy, and to build up new economic operation mechanisms that combine planning with market. Since the rural reform's beginning, through the microeconomic organizational restructuring of agricultural production and the reform of the system for purchasing and marketing agricultural products and the pricing mechanisms, relations between agricultural production and the market have been getting closer and closer, and the two sides have basically formed an inseparable entity. From the rural reform in the past more than 10 years, we have come to realize that effecting the combination of planning with market is an essential requirement of our efforts to speed up the development of modern agriculture with Chinese characteristics. Therefore, we should establish a new type of relation between agricultural planning and market in light of the general requirements of the national economic development, the state's industrial policy, and the characteristics of the operation of the microeconomic entities in agricultural production.

Orientation of the Reform of the Relationship Between Agricultural Planning and Market

The relationship between agricultural planning and market mainly finds expression in the relationship between the three forms of economic management—mandatory planning, guidance planning, and market regulation. In various economic activities, such as agricultural production, construction, investment, and development, what is to be subject to mandatory planning, what is to be subject to guidance planning, what is to be subject to market regulation, and what is to be the scope and form of such regulation should be explicitly decided according to the national economic development's long-term objectives, overall arrangements, and industrial policy by proceeding from the needs in promoting the harmonious development of agriculture and the national economy as a whole.

China has a large population, which is still growing rapidly. However, agricultural production remains at a rather low level. For a fairly long period to come, grain and other major agricultural products will remain in short supply. Therefore, it is still necessary to maintain an appropriate degree of mandatory planning for the production of a small number of extremely important agricultural products and for construction, investment, and development projects for the production of these products. However, the scope of mandatory planning must be gradually narrowed. For the production of agricultural and sideline products whose supply and demand are basically balanced and also for construction, investment, and development projects for the production of such products, the state and local governments should adopt guidance planning or relax control in light of different concrete conditions. For the production of other agricultural and sideline products as well as investment projects for the production of such products, producers should be allowed to make arrangements on

their own according to the conditions of supply and demand in the market; that is, the market should regulate the balance between supply and demand.

The three forms of macroeconomic management over the supply of agricultural products should not be antithetical to each other. Planned management must be built on the basis of the law of value. When formulating long- and medium-term plans for agricultural development, the state should fully consider the issue of market in the agricultural economy's operation, and should fully use various economic means for the fulfillment of the plans. At the same time, it is also necessary to pay attention to coordinating the interests of producers respectively subject to mandatory planning and market regulation. This is an important factor determining whether the agricultural production plan can be realized.

At present, we are carrying out plans for the production of grain, cotton, and oil-bearing crops through formulating the sowing area plans and carrying out the purchase contract system, but the results are not very satisfactory. To make peasant households arrange the production of these products according to these plans' requirements, we should gradually improve the trade conditions for agricultural products, properly consider some steps that bring some benefit to producers, gradually reduce the quantity and scope of the agricultural products subject to mandatory planning, and change the forms for fulfilling the plans. However, the mandatory plans for the production of a small number of agricultural products cannot have no binding force; even the guidance plans should have a certain degree of binding force. For peasants, such binding force should mainly affect the economic activities of the producers and handlers through economic policies, economic strength, and economic leverage, and bring such activities into line with the plans' requirements. As for the part of agricultural products for which peasants arrange production and deal on their own according to the conditions of supply and demand on the market, they should also be subject to the control of the state's laws and regulations and to the guidance of macroeconomic policies.

The grain purchase contract system, as a means of fulfilling the state's plans for producing agricultural products, is not only a form in which the state meets the demand for grain and other important agricultural products, but also a means of regulating grain supply. In recent years, the government adopted the means of supplying peasants with industrial goods for farming use to prompt peasants to sell grain to the state at low prices according to purchase contracts. However, because deviations often appeared in the course of carrying out such measures, the peasants' enthusiasm for grain production were affected. Therefore, to continue to ensure the contracted purchases' implementation, it is necessary to guarantee the input quantity of industrial goods for farming use at fair prices [ping jia 1627 0116].

In short, to effect the combination between planning and market in agriculture, planned management should be

improved; the production conditions and external environment for agriculture should be improved; and the form of fulfilling the mandatory plans for grain and cotton production should be improved so that the peasants' production and operation can be guided according to, and brought into line with, the state plans.

Improving the Agricultural Investment Structure

In the past more than 10 years, quite a lot of useful experience has been gained in the supply management of agricultural products, but there still exist some problems that need to be urgently solved. Here, in addition to the unfavorable trade conditions for agricultural products, the insufficiency of investment in agricultural capital construction is also an important factor.

The state's investment in capital construction is composed of the investments made by the central and local governments. In the first 30 years after liberation, capital construction investment in agriculture was generally kept at around 10 percent of the total investment in capital construction. However, the proportion declined sharply after 1980. It was 9.3 percent in 1980; further fell to 5 percent in 1984; 3.3 percent in 1983; and even 3 percent in 1988. Not only did the central government reduce agricultural investment, but local governments also decreased agricultural input, as they were keen on investing more in the more lucrative sector of industry under the influence of the financial contract system. In the seven years between 1982 and 1988, gross rural investment increased at an average annual rate of 25.5 percent, while agricultural investment increased only 5.5 percent annually. The proportion of agricultural investment in the total rural collective investment declined from 39.6 percent in 1982 to 9.4 percent in 1988. The state and the collectives decreased agricultural investment in recent years, and this resulted in the aging of the mechanical and electrical equipment for irrigation and drainage in some localities, and left more irrigation and water conservancy facilities in disrepair and damaged. The insufficiency of funds allocated to agriculture will seriously affect the stable increase in the supply of agricultural products, and will become a serious obstacle to the fulfillment of the agricultural plans and targets.

Beginning in 1983, to promote the stable supply of agricultural products, the state adopted the form of joint investments of the central and local governments, and selectively set up, in a planned way, 274 commodity grain base counties, 95 cotton production base counties, and 641 good-quality agricultural product base counties (including items of special and outstanding agricultural and sideline products) in major producing areas of grain, cotton, and other cash crops. Through the construction of commodity bases, the production of agricultural products in these areas grew steadily. Practice has proved this measure is effective and should be further maintained and developed.

In China, where there is a large population and relatively little land, it is necessary to guarantee the continuous

increase in the supply of agricultural products. In a fairly long pre-reform period, the state and the collectives were the main entities that invested in agriculture, and the input of agricultural funds was made by administrative means through the execution of the mandatory plans. The state issued administrative orders to put the agricultural investment policy into practice through various levels of government institutions down to the grass-roots level. After the adoption of the responsibility system mainly based on household output contracts, peasant households became the basic unit of agricultural production and operation. The form of agricultural investment also changed correspondingly. A multitiered structure of agricultural investment entities thus took shape.

To guarantee the fulfillment of the medium- and long-term agricultural plans, we must establish a new agricultural input structure in light of the changes in the agricultural investment entities structure. First, the undertaking of various types of investment must be fixed in light of the functions of the central government, the local government, the rural collective, and the peasant household. Long-term agricultural investment in comprehensive agricultural development projects, such as large-area land reclamation projects and major transregional reservoir and canal projects which require long investment periods, face major risks, and produce benefits over a long time after completion, should be tasks mainly shouldered by the central government; investment in farmland improvement projects and the construction of irrigation and drainage facilities within a community should be supported by the government and undertaken by the collective; investment in ordinary water conservancy projects that cut across community boundaries and in some projects that produce major social benefits but yield low economic returns and that go beyond the capacity of the collectives in the communities should be undertaken by local governments; and agricultural investment in such items as raising working funds for day-to-day operation and improving land fertility should be undertaken by peasant households.

To increase agricultural input, it is necessary to give play to the initiative of the central government, the local governments, the collective economic organizations, and the peasants. However, under the present agricultural management and financial systems, there must be a necessary economic environment for the three investment entities other than the central government to increase agricultural input. This includes the trade condition marked by a reasonable price level for agricultural products, the gradual narrowing of the price gap [jia ge jian dao cha 0116 2706 0477 0430 1567] between industrial and agricultural products, and the improvement of the price parities [bi jia guan xi 3024 0116 7070 4762] between different agricultural products. In the last two years, the government used administrative means from top to bottom to drive up agricultural input. This mitigated to a certain extent the strained relationship between supply and demand of agricultural products, especially grain and cotton. However, mandatory and

administrative measures will not always be effective over a long period of time. To increase the agricultural plans' feasibility and to actually fulfill the plans, and to bring the producers' behavior into line with the state's guidelines and to reduce fluctuations in agricultural production, the central and local governments should gradually increase various items of agricultural input along with the improvement of their financial conditions, and should pay attention to the results of agricultural input, thus bringing the agricultural investment projects into line with the achievement of the plans' objectives.

Continuously Promoting the Structural Reform of Agricultural Product Circulation

Through 13 years of reform, profound changes have occurred in our country's agricultural product circulation structure. However, in recent years, the comparable economic results of agricultural products declined in relative terms against the background of the rapid development of the rural commodity economy and the continuous growth of township and town enterprises. This forced peasants to cut down on their production scale while agricultural products remained in short supply, and also resulted in the further decrease in the gross supply of agricultural products subject to state purchase. In the markets for agricultural products which were subject to price decontrol and free trade, market organization was weak and the relevant rules and regulations were imperfect. As a result, market circulation was disorderly and difficulties in buying or selling agricultural goods occurred periodically. This affected peasants' production enthusiasm. There were two major factors contributing to these problems: First, the government's macroeconomic regulation and control system for agricultural product circulation was not set up yet. And second, the market system corresponding to the price decontrol and free trade of some agricultural products was not set up yet. We should pay sufficient attention to these issues, and should seriously study their solutions to form a highly efficient, unclogged, and controllable system for circulating agricultural products.

The establishment of the agricultural product circulation system in our country will include the following two aspects:

First, establishing the macroeconomic regulation and control mechanisms for agricultural product production and circulation.

The state mainly uses economic means to regulate and control market and production. Here, economic means refers to prices, tax rates, and the quantitative adjustment of goods in stock. The supply of agricultural products in our country is now affected by the following fact: After household output contracts were adopted in the countryside, the scale of agricultural production and operation became smaller, and the average area of farmland handled by each peasant household was only 0.6 hectares. The degree of organization was low, and the capacity to undertake risks was small. To keep the

agricultural product market stable, the state can adopt a gross demand growth target to arrange the development scale and speed of major agricultural products, and strive to maintain basic balance between supply and demand every year. At the same time, it is necessary to further properly regulate economic interest relations, rationalize price parities between various agricultural products and between industrial and agricultural products, and rationalize the difference between purchase and sales prices of agricultural products, thus making prices play a role in promoting production, guiding consumption, and balancing supply and demand.

To establish a macroeconomic regulation and control system for agricultural products, it is necessary to exercise management over different categories of agricultural products. First, for grain and other important agricultural products in short supply, some should be subject to planning-regulated production and circulation to meet the demand. There can be various forms of planning. Some of the products within the plan should be bought and sold at prices fixed by the state, and some can be sold at flexible prices with the supply quantities being guaranteed. The gap between planned and market prices should be gradually narrowed. Second, in a short period, guidance sales prices can be laid down for products, such as live pigs and tobacco, whose supply and demand may vary greatly. Efforts should be made to fix the guidance prices on the basis of market supply and demand, thus protecting the interests of both producers and consumers. And third, decontrolling prices and allowing free trade for most agricultural products so that the law of value can play a role and the state can exercise effective regulation and control over the market.

Grain is an important agricultural product, so it is necessary to establish a reasonable state reserve system. Under the present situation, grain reserves should be kept at different levels with the initiative of the state, the collectives, and individual peasants being brought into play. First, the state should have a strategic reserve, including the central reserve and part of the local reserve. Second, enterprises dealing in grain and productive enterprises which use grain as raw material should keep a certain amount in operational reserve [jing ying xing chu bei 4842 3602 1840 0328 0271]. Third, rural collectives should keep grain reserves to meet the needs in lean years or to be used in public welfare and public works projects. And fourth, peasant households should keep grain reserves, too. The establishment of the grain reserve system is a major means of controlling market prices, adjusting market supply, and reducing market fluctuations.

Second, establishing an agricultural product circulation network centered on wholesale markets.

There are mainly two agricultural product circulation models in foreign countries. First, in Britain, France, and other countries, it is the agriculture-industry-commerce (production, supply, and marketing) integrated operation model with large enterprises

holding a dominant position. Second, in Italy, Belgium, Japan, South Korea, and other countries, is the agricultural product circulation model organized around some wholesale markets. In countries which adopt the first model, there are also agricultural product wholesale markets, but the large enterprises' purchasing and marketing activities hold the dominant position. These large enterprises control over 60 percent of the imported food and local agricultural products in their domestic markets. They have their own marketing networks. Processed products can be directly sold on city markets. This makes it easy to form an agriculture-industry-commerce integration system. In countries adopting the second model, for resources and historical reasons, the agricultural production units are operating on a small scale, and there are a large number of such small production units scattered widely and affected by obvious seasonal changes. Also due to historical habits, production is linked to consumption through the wholesale markets. For example, in Japan, vegetables sold through the wholesale markets now account for 89 percent of the total retail sales of vegetables in society.

Establishing an agricultural product circulation system centered on wholesale markets is in keeping with our

national conditions, and is also an important part of the structural reform of the agricultural product circulation system. As for the supply of agricultural products in our country, more than 800 million peasants conduct production separately on a small scale, but their aggregate output is large. In the aspect of consumption, there is a large number of cities, but the urban residents' consumption level is low. As for natural conditions, our country has vast territory and there are great differences in various producing areas. In winters, the northern areas need agricultural products produced in the south; in summers, the southern areas in turn need products supplied by the north. Due to these characteristics, wholesale markets become indispensable trade places in the circulation of agricultural products. Therefore, it is necessary to establish a network pattern to link production with consumption with wholesale markets as the center. This concept should be properly studied. Concretely speaking, wholesale markets should be bridges between producing and consuming areas; vegetable markets, retail shops, peasants' associations (cooperatives), and individual traders should function as channels. Thus, an interwoven and all-sided agricultural product circulation system will take shape.

East Region

Chen Guangyi at Discipline Inspection Meeting

HK0306022092 Fuzhou Fujian People's Radio Network
in Mandarin 1100 GMT 27 May 92

[Text] The meeting for secretaries of prefectural and city discipline inspection commissions across the province, which ended in Fuzhou today, calls on cadres concerned to study in depth Comrade Deng Xiaoping's important speeches, further adopt the idea that discipline inspection must serve the party's basic line, persist in the principle of attaching equal importance to material civilization and culture and ethics, comprehensively carry out their ideological functions [as heard], and promote and ensure smooth progress of reform and opening and economic construction.

During the meeting, provincial party committee Secretary Chen Guangyi and Deputy Secretary Lin Kaiqin made important speeches. They fully reaffirmed the achievements made in discipline inspection by all departments concerned across the province and set requirements for discipline inspection under the new situation.

(Lin Xiaochu), member of the provincial party committee Standing Committee and secretary of the provincial discipline inspection commission, on behalf of the provincial discipline inspection commission Standing Committee, made a speech at the meeting. He raised opinions on ways to profoundly study and implement Comrade Deng Xiaoping's important speeches to promote provincewide discipline inspection.

He said: Discipline inspection commissions at all levels across the province must study in depth Comrade Deng Xiaoping's important speeches and deepen their understanding of the political line that stresses the central task of economic activity and adherence to two basic points, the relationship between discipline inspection and economic construction, and the relationship between emancipating the mind and [words indistinct] to further enhance their consciousness for comprehensively carrying out the party's basic line.

(Lin Xiaochu) called on all levels of discipline inspection commissions to always adhere to the principle that discipline inspection must serve the needs of economic construction, the central task; to carry on and develop the good experience and good practice for serving the party's basic line; and to comprehensively perform their four duties with respect to meting out punishment, providing protection, exercising supervision, and carrying on education. They should conscientiously study the new situation and new issues in accordance with the criterion advanced by Comrade Deng Xiaoping for judging the surname of particular things—anything that is beneficial to us in three respects is surnamed socialist, constantly evaluate their new experience gained in carrying out discipline inspection, raise their consciousness of rendering service, and promote and ensure smooth

progress of reform and opening and economic construction. It is necessary to accurately and resolutely examine and act on discipline violations within the party and economic offenses in the economic field to pave the way for deepened reform and accelerated economic construction. They must resolutely support reformists, encourage explorers, help those who make mistakes, prosecute those who violate norms of discipline, and take action against those who frame other people. In examining and acting upon cases, they must be bold to execute orders, get rid of interference, and get to the bottom of things. In the meantime, they must make sure that production, operation, and work in other fields will proceed as usual. Efforts should be made to improve party style, maintain high standards of ethical and professional behavior in the party and government and work out a number of rules and regulations with regard to exercising public supervision in a bid to settle those issues which adversely affect reform and opening and economic construction and those which arouse strong resentment among the masses. Cadres concerned must put the rules and regulations into effect and try to achieve success to create a better social and political environment for reform and opening.

(Lin Xiaochu) pointed out emphatically: The party's discipline inspection organs and cadres responsible for discipline inspection at all levels are loyal defenders of the party's cause as well as forces indispensable for reform and opening. In the high tide of reform and opening, cadres in charge of discipline inspection must brace their spirits, enthusiastically join in reform and opening, take a clear-cut position in supporting and protecting reform and opening, and wage an unswerving struggle against corruption to make fresh contributions to reform and opening.

Shandong's Yantai Promotes Trade, Cooperation

OW0306090392 Beijing XINHUA in English
0836 GMT 3 Jun 92

[Text] Jinan, June 3 (XINHUA)—The coastal Yantai city in east China's Shandong Province has devoted great effort in recent years to expand economic and technological cooperation with foreign countries and promote foreign trade.

The city has also paid great attention to improving its investment environment, and taking full advantage of its advantages, including energy and communications systems, good basic facilities and industrial bases in the coastal areas.

Since it was designated in 1984 as one of China's 14 open coastal cities, the city has made great progress in expanding international cooperation and exporting more products.

By the end of April 1992, Yantai had approved 842 foreign-funded projects with investments of over 1.178 billion U.S. dollars, in addition to 500 foreign-funded enterprises.

Since its establishment in 1985, the Yantai Economic and Technological Development Zone has signed agreements for 218 projects with total investments of over 400 million U.S. dollars, including 97 foreign-funded projects which will require total investments of over 100 million U.S. dollars.

Rural enterprises in the city had also signed agreements for 209 foreign-funded projects by the end of March this year.

At present, the city is home to 500 export-oriented rural enterprises whose total 1991 export volume stood at 986 million yuan.

A number of satellite townships which have emerged in the city's coastal areas in recent years have promoted development of the export-oriented economy in rural areas.

The foreign-funded projects approved by the city in recent years have been related to light industry, textiles, machinery, electronics, building materials, chemicals, metallurgy and aquatic products. Some 95 percent of them are industrial ones.

As the same time, the city has placed emphasis on the development of its high-tech industry.

Hard Currency Futures Market Tested in Shanghai

OW0306110192 Beijing XINHUA in English
1042 GMT 3 Jun 92

[Text] Shanghai, June 3 (XINHUA)—The Shanghai Foreign Exchange Regulation Center successfully conducted experiments with a trial hard currency futures market on June 1.

Local officials reported the trial as another major step in the country's financial reform.

Four branch banks in Shanghai were authorized by 13 enterprises in the city to trade 310 futures contracts for June. The volume of business for the first day of the market exceeded 6.2 million U.S. dollars.

According to the officials, the central People's Bank of China assisted the Shanghai Foreign Exchange Regulation Center to draft "provisional regulations concerning the management of the hard currency futures market." The exchange, which has handled spot transactions of over 14 billion U.S. dollars, is making every effort to administer the futures market according to standardized practices.

The officials reported that the futures market will open shortly after the trial period is completed.

Shanghai Firm To Issue 320 Million Yuan in Stock

OW0206162992 Beijing XINHUA in English
1511 GMT 2 Jun 92

[Text] Shanghai, June 2 (XINHUA)—The Shanghai Chlorine-Alkali Co. Ltd, the largest of its kind in China, signed today a document on its issuing premium on capital stock worth 320 million million yuan (about 58 million U.S. dollars).

With 800 million yuan of total capital shares, the company, which was established on the basis of the Shanghai Chlorine-Alkali Plant some 20 years ago, is one of the major producers of raw chemical materials in the country.

The stocks to be issued include over 80 million yuan-worth of A-shares for domestic investors and 240 million yuan of B-shares for overseas investors.

The chemical producer has the right to conduct foreign trade and it has two berths of its own which can handle 10,000 dwt cargo vessels. The company also has its own customs section.

Last year it achieved an output value of 1.09 billion yuan, profits of 240 million yuan and export volume of 36.89 million U.S. dollars.

According to the Shanghai Huashen Accounting Service, the company had been operating well during the 1989-1991 period.

The majority of the income obtained from the issuance of the stocks will be used for technological upgrading that will cost two billion yuan.

The Shenyin Securities Company will be responsible for selling the stocks.

Li Zemin Attends Literary, Art Meeting

OW3105014092 Hangzhou ZHEJIANG RIBAO
in Chinese 23 May 92 pp 1, 4

[Unattributed report: "Inject the Spirit of Times to the 'Wu Yue Culture'; Restore Zhejiang's Prestige as a Land of Culture—Provincial Literary and Art Work Discussion Meeting Held in Hangzhou; Li Zemin, Others, Attend; Liu Feng Calls for a Socialist Literature and Art Boom Amid Economic Construction"]

[Excerpt] [Passage omitted] A provincial literary and art work discussion meeting was held in Hangzhou 21-22 May to mark the 50th anniversary of the publication of Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art," where representatives of literary and art workers from various parts of the region, as well as leading comrades from the propaganda, cultural, and art departments, happily gathered together to restudy Comrade Mao Zedong's "Talks at the Yanan Forum on Literature and Art," "Deng Xiaoping on Literature and Art," and Comrade Jiang Zemin's expositions on

socialist literature and art boom. The meeting enthusiastically discussed how the role of literature and art should be adapted to the new situation to better serve the people and the building of socialism with Chinese characteristics, based on the spirit of both Comrade Deng Xiaoping's important talks and that of the plenary session of the Central Committee Political Bureau. The meeting also exchanged experiences and thoughts on efforts to bring about a literature and art boom in adherence to the direction of "serving the people and socialism" and the policy of "let a hundred flowers bloom and a hundred schools of thought contend."

Provincial leaders, including Comrades Li Zemin, Xu Yongqing, Sun Jiaxian, Wang Yaoting, Wu Minda, Qiu Qinghua, and Wang Jiayang, attended the meeting and distributed medals and cash awards to winning collectives and individuals. [passage omitted]

Central-South Region

Xie Fei Attends Guangdong Provincial Functions

Addresses Literary, Art Conference

HK0206154492 *Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 25 May 92*

[Text] At the Guangdong provincial conference on exchanging literary and art creation experiences, which wound up 23 May, provincial party committee Secretary Xie Fei delivered a speech entitled: More Excellent Literary and Art Works Are Needed in an Era of Reform and Opening Up. This was published in today's NANFANG RIBAO.

Comrade Xie Fei said: It is 50 years now since the late Comrade Mao Zedong made his speech at the Yanan Forum on Literature and Art. Half a century has elapsed since then. The basic spirit of the speech has been tested in practice and still flashes with truth. The spirit and essence of the speech can be boiled down to: Literature and art should serve the broadest masses of the people and meet their needs. In order to attain this lofty goal, literature and art workers must integrate with the broad masses of people and with the times, go deep into the realities of life, reflect and depict life, and eulogize creators of history and an epochal spirit. The basic spirit of the speech is of vital and far-reaching guiding significance to contemporary Chinese literary and art work and to building a socialist culture with salient Chinese characteristics.

Comrade Xie Fei noted: The majority of the comrades in Guangdong's literary and art circles have been diligent and hard working and have scored achievements in their work. Nonetheless, we must remain sober minded and understand that there still exists a gap between Guangdong's literary and art creation work and the demand of the present era. This gap has manifested itself in the fact that Guangdong has produced few quality, weighty, and influential masterpieces reflecting and depicting both

contemporary and realistic life. This situation is incompatible with an era marked by Guangdong's rapid reform, opening up, and four modernizations building, and far from meets the growing demand of the broad masses of people for a better cultural life.

Regarding how to change this situation, quicken and expand the pace of literary and art creation, and produce more excellent literary and art works at an earlier date, Comrade Xie Fei put forward the following three demands on writers and artists:

1. Ideologically meet the demand of a great era marked by reform and opening;
2. Throw themselves into the current reform tide, go deep into the realities of life, reflect and depict life, and serve the people, to effect an ideological take-off;
3. Be bold in exploring an optimal integration of content and form, depicting new things, and creating more excellent works with both epochal and local Guangdong characteristics.

At Symposium on Ye Jianying

HK0206125492 *Guangzhou Guangdong People's Radio Network in Mandarin 0400 GMT 28 May 92*

[Text] More than 100 theoretical workers, party history workers, and persons concerned from both military and local departments across the province gathered in Guangzhou's Zhudao Hotel this morning to attend a symposium on Ye Jianying.

The symposium was aimed at reviewing the great life of the late Marshal Ye Jianying as well as the glorious achievements the late marshal had made in various fields.

The symposium, which was jointly sponsored by China Military Sciences Institute and Guangdong Provincial CPC History Institute, received a total of more than 70 dissertations.

Also attending today's opening ceremony were: Wu Xiuquan, Central Advisory Commission Standing Committee member; Xie Fei, Guangdong Provincial CPC Committee secretary; Wang Chenghan and Ren Zhongyi, Central Advisory Commission members; Guangzhou Military Region Commander Zhu Dunfa; Zhang Zhongxian, Guangzhou Military Region political commissar; Jiang Shunxue, China Military Sciences Institute president and Academy of Military Sciences commandant; Wang Ning, Guangdong Provincial Advisory Committee chairman; Lin Ruo, Guangdong Provincial People's Congress Standing Committee chairman; Guo Rongchang, Guangdong Provincial CPC Committee deputy secretary; Li Lanfang, vice governor of Guangdong Province; and Yang Yingbin and Zheng Qun, Guangdong Provincial Chinese People's Political Consultative Conference Committee vice chairmen, as well as comrades from various departments concerned.

Hou Zongbin Addresses Henan Cadres Meeting

HK0306021392 Zhengzhou Henan People's Radio Network in Mandarin 1030 GMT 28 May 92

[Text] A two-day meeting of provincial, prefectural, and city cadres concluded in Zhengzhou this afternoon.

The meeting called for further carrying out and implementing Comrade Deng Xiaoping's important speeches made during his south China tour as well as the spirit of a recent CPC Central Committee Political Bureau plenary meeting, further emancipating minds, deepening reform, and expanding opening up. [words indistinct]

Provincial party committee Secretary Hou Zongbin delivered a speech at the meeting, in which he called on cadres at all three levels across the province to further enhance determination and confidence, make redoubled efforts, and strive for more rapid provincial economic development. [words indistinct]

Yang Shixun, Hebi City CPC Committee secretary; Zhang Guoren, Jiaozuo City CPC Committee secretary; Liu Xinning, Zhumadian Prefectural CPC Committee secretary; and Yao Wuzhe, provincial planning and economic affairs commission chairman, also delivered speeches at the meeting, in which they exchanged experiences and gave accounts of their respective local economic development.

High-Tech Park Planned for Hunan's Changsha

OW0306091092 Beijing XINHUA in English 0848 GMT 3 Jun 92

[Text] Changsha, June 3 (XINHUA)—A consortium of six Chinese banks and two companies have recently signed a contract with the local government to develop a high-tech park in this capital of central China's Hunan Province.

The contract stipulates that the consortium will develop 22.7 hectares of land which will then be rented or leased at a narrow profit margin. The development project is expected to cost some 100 million yuan (18.2 million U.S. dollars).

Approval of the project is considered a new effort by the local government to accelerate development of the high-tech park and encourage overseas investors to establish enterprises there.

Prior to 1979, when China adopted the policies of reform and opening to the outside world, state investment was China's only source of funding for capital construction.

According to local officials, the Changsha High-Tech Development Zone, which was approved by the State Council last March, will eventually cover an area of 31 square kilometers. First phase construction, which includes the 1.5 square kilometer high-tech park, is expected to begin in the near future.

Hunan Efforts To Control Pollution Reported

OW0306091292 Beijing XINHUA in English 0857 GMT 3 Jun 92

[Text] Changsha, June 3 (XINHUA)—One of the highest chimneys in Zhuzhou city, Hunan Province, was demolished with explosives on Monday.

The spectacular demolition of the 80-meter high chimney at the Zhuzhou Carbide Alloy Plant marked a switch to high technology which will also benefit the environment, said Zhou Juqiu, director of the plant.

Zhou said the plant has invested 150 million yuan in the past five years to overhaul out-moded equipment and technology, get rid of the discharge of hydrogen chloride and install waste water and sludge treatment facilities.

Province officials say that since 1984 Hunan has formulated seven decrees for environmental protection, set up committees in all prefectures and cities to oversee the operation, and signed contracts with leaders of local governments and key manufacturing enterprises on pollution control.

As Hunan Province is a production center for non-ferrous metals and other minerals, the provincial government has stressed pollution control of mines and smelting plants.

The province has set up 85 smoke and dust control zones and 31 noise control zones, moved 400 industrial enterprises out of city proper, and overhauled 1000 small mining, smelting, chemical and paper-making enterprises.

The provincial government announced recently that the province has invested 1.257 million yuan and completed 14,600 pollution control projects in the past decade.

In the last decade the discharge of waste water has been cut by 45 per cent, gas by 20 per cent and sludge by 44 per cent per 10,000 yuan of industrial output value.

Southwest Region
Guizhou Firm Stresses Comprehensive Development

OW0306072692 Beijing XINHUA in English 0709 GMT 03 Jun 92

[Text] Guiyang, June 3 (XINHUA)—The Guizhou Wujiang River Hydropower Development Corporation was formed recently in southwest China's Guizhou Province in order to accelerate development of the hydropower resources of the Wujiang River and other natural resources.

The corporation plans to develop the hydropower resources along the river by raising funds, introducing foreign capital and issuing stocks. In the past, the state investment was the sole funding source for development of hydropower resources.

The plans call for the corporation to eventually become a large-scale conglomerate consisting of enterprises to produce aluminum, phosphorus and power.

According to General Manager Ye Yinchun, the corporation is currently operating the Wujiangdu Power Plant, which has a generating capacity of 630,000 kilowatts. In addition, the Dongfeng Power Station, with a generating capacity of 510,000 kilowatts, is currently under construction.

The development plan calls for the corporation to complete construction and expansion projects on nine power stations located along the river in Guizhou Province. The projects involve power stations in Puding, Yingzidu, Hongjiadu, Dongfeng, Suofengying, Wujiangdukuoji, Goupitan, Silin and Shatuo. When completed the system will create a large hydropower base with a generating capacity of 6.4 million kilowatts.

The corporation also plans to build power stations in Hongjiadu and Goupitan in the near future. Construction of the Hongjiadu Power Station, which will have a generating capacity of 540,000 kilowatts, is expected to begin in 1993, and preliminary work is currently underway at the Goupitan power station, which will have a generating capacity of two million kilowatts.

The Wujiang River, which meanders some 1,000 kilometers through southwest Guizhou and Sichuan provinces, is the largest tributary in the upper reaches of the Yangtze River.

The projected total generating capacity along the main-stream of the Wujiang River is expected to reach 8.56 million kilowatts with an annual output of 42.1 billion kilowatt hours.

The valley of the Wujiang River also abounds in aluminum, phosphorus and manganese. The prospective reserves of aluminum, phosphorus and manganese account for 18 percent, 19 percent and 11 percent of the national total, respectively.

The comprehensive development of the Wujiang River Valley will provide experience for other river valleys in the future.

Tibet Commentary Calls for Emancipation of Mind

OW3105034192 Lhasa Tibet People's Radio Network
in Mandarin 1430 GMT 30 May 92

[Station commentary: "Properly Handle the Relationship Between Emancipation of the Mind and Tibet's Uniqueness"; from the "News and Information" program]

[Text] Comrade Deng Xiaoping recently called on the whole party to further emancipate the mind. For our region, one of the important aspects of emancipating the mind is the proper handling of the relationship between the emancipation of the mind and Tibet's uniqueness.

Comrade Deng Xiaoping has pointed out that emancipation of the mind means the conformity between mentality and reality and between subjectivity and objectivity; he thus clearly explained the relationship between emancipation of the mind and the uniqueness of various localities.

Unless we proceed from Tibet's reality and Tibet's uniqueness in emancipating the mind and carrying out reform and opening up, we will surely waste money and manpower; haste will only lead to waste. On the other hand, if we do not emancipate the mind, dare not make moves, only stress the uniqueness of Tibet, and procrastinate in taking actions, we will end up losing good opportunities, even if the subjective and objective conditions are there. At present, some comrades, faced with the tides of reform and opening up, tend to cite the uniqueness of Tibet; when carrying out reform and opening up, they say that the uniqueness of Tibet's being a border area and the religious faith of the Tibetan people must be taken into consideration. Hence they dare not give all-out efforts to reform and opening up; this is actually a misinterpretation of Tibet's uniqueness.

Compared to other provinces and regions, Tibet is more unique. It is certainly necessary to proceed from Tibet's uniqueness when carrying out reform and opening up, but uniqueness should not be made an excuse for slowing the pace of reform and opening up and even for not carrying out reform and opening up at all. Different localities, provinces, and regions have their own uniqueness; uniqueness is relative, but development is absolute and lasting. If we only stress the uniqueness of Tibet and are timid in carrying out reform and opening up, then our existing gap with other provinces and regions, which is already big, will become wider; we will become more and more backward; and Tibet will become more and more "unique."

The hope of Tibet lies in reform. As reform and opening up are pioneering projects and are greatly explorative in nature, they require us not only to emancipate the mind, have a bold spirit of making moves, fully put our initiative into play, accelerate the pace, and do a good job in economic construction, but also to adhere to the principle of seeking truth from facts, fully take Tibet's uniqueness into consideration, and advance the pace of reform and opening up in steady and huge paces.

Yunnan's Pu Chaozhu Addresses Cadres Meeting

HK0306014592 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 28 May 92

[Excerpts] The Yunnan Provincial CPC Committee held a party-member cadres meeting in the Kunming People's Victory Hall on the morning of 26 May.

The meeting called on cadres across the province to further study and implement the spirit of the relevant

central documents, emancipate minds, transform concepts, brace up, and explore a new road leading to a high-speed and high-efficiency development of Yunnan's economy.

Yin Jun, provincial party committee deputy secretary, presided over the meeting.

Liang Jinquan, provincial party committee Standing Committee member and propaganda department director, relayed the spirit of the relevant central documents.

Bao Yongkang, provincial party committee Standing Committee member and vice governor, relayed the spirit of a recently convened enlarged provincial party committee Standing Committee meeting which was mainly devoted to studying ways and means of developing county-run industries as well as township and town enterprises. [passage omitted]

Provincial party committee Secretary Pu Chaozhu delivered an important speech at the meeting, in which he said: The key to a faster development of Yunnan's economy in the forthcoming decade lies in further studying and implementing the spirit of Comrade Xiaoping's speeches as well as the spirit of a series of instructions issued by the central authorities, emancipating minds, grasping excellent opportunities, formulating new work principles in light of the realities in Yunnan, seeking truth from facts, making earnest efforts, carrying out work in a down-to-earth manner, focusing on fulfilling four major tasks, strengthening three weak links, and implementing to the letter the spirit of the enlarged Third Plenary Session of the Fifth Yunnan Provincial CPC Committee.

Pu Chaozhu stated: We must take developing county-run industries as well as township and town enterprises as a strategic task, bring into full play Yunnan's superior resources and geographical superiorities, actively open up markets at home and abroad, combine introduction of advanced foreign technologies and foreign funds with cooperation with the hinterland regions, turn a domestically oriented economy into an export-oriented one, and strive for a comprehensive development of Yunnan's economy. [passage omitted]

The meeting was attended by leading comrades in charge of the provincial party committee, advisory committee, discipline inspection commission, people's congress, government, and Chinese People's Political Consultative Conference [CPPCC] committee, as well as party committee and leading party group members from various provincial party committee departments; provincial-level state organs; provincial departments, commissions, offices, and bureaus; provincial-level people's organizations and higher learning institutions; persons in charge of various specialized commissions under the provincial people's congress and CPPCC committee; cadres undergoing three-basics training in the provincial party school; and party-member cadres in charge of Kunming.

People's Congress Defines Guidelines, Objectives

HK0106103192 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 22 May 92

[Excerpt] The 24th session of the seventh provincial people's congress Standing Committee ended in Kunming yesterday.

Li Guiying, chairman of the provincial people's congress Standing Committee, presided over yesterday's meeting.

The meeting passed the opinions advanced by the provincial people's congress Standing Committee on studying and implementing the spirit of Comrade Deng Xiaoping's important speeches and of the third enlarged plenary session of the fifth provincial party committee.

The opinions stated: The spirit of Comrade Deng Xiaoping's important speeches and the objectives to be attained advanced by the third enlarged plenary session of the fifth provincial party committee should become the guidelines and the core which the provincial people's congress must follow and center around in its work. In the future, the provincial people's congress must further study, deepen their understanding of, give publicity to, and follow the spirit of Comrade Deng Xiaoping's speeches and of the third enlarged plenary session of the fifth provincial party committee; boldly exercise the powers entrusted to it by the Constitution and laws; and play a protective role in expediting Yunnan's reform and opening and economic construction. It is necessary to emancipate the mind to step up local legislation and to enact and approve a number of local statutes to safeguard reform and economic construction. Efforts should be made to strengthen and improve supervisory work, change the work style of cadres, and raise [words indistinct] work efficiency. [passage omitted]

North Region

Exports Boom in Beijing Technology Zone

OW0306091392 Beijing XINHUA in English 0906 GMT 3 Jun 92

[Text] Beijing, June 3 (XINHUA)—The export-oriented economy has boomed in Beijing's New Technological Development Zone, according to Hu Zhaoguang, the director of the general office of the zone.

The annual growth rate of export value from the zone was 96 percent during the last four years.

Last year the export product value of the district reached 45 million U.S. dollars of which 25 million U.S. dollars were earned by software—a half of the total software exports of Beijing.

Over the past four years the total export value came to 133 million U.S. dollars.

Hu said there are now 65 export-oriented enterprises in the zone. Nine of them achieved annual profits of more than a million U.S. dollars.

He said that most of the products are exported to the United States, Canada, Japan and West European countries.

He pointed out that the economic success of the zone was the result of scientific and technological resources and flexible operation.

He noted that many enterprises are active in the joint development of new products and competitive in international market.

The Beijing Legend Computer Group Company has worked with a Hong Kong counterpart to develop new products and now it has 11 overseas companies in Los Angeles, Philadelphia, Toronto, Berlin and Singapore.

Currently, there are 180 foreign-funded enterprises in the zone and most of them are in operation.

Cheng Weigao at Hebei Forum on Reform, Opening
SK0206093092 Shijiazhuang HEBEI RIBAO
in Chinese 7 Apr 92 p 1

[By reporter Zhang Xiaolin (1728 1420 2651): "Provincial Leaders Discuss the Great Matter of Rejuvenation With Mayors and Heads of 20 Cities and Counties Around Beijing and Tianjin"]

[Text] How to pioneer a path that conforms to the reality of the province and can speed up the progress of reform, opening up, and economic development. The counties and cities around Beijing and Tianjin should rely on Beijing and Tianjin, display their advantages, make progress in a step-by-step manner, and take the lead in marching toward the target of being fairly well-off. This is the common understanding gained from the forum of mayors and heads of the cities and counties around Beijing and Tianjin sponsored by the provincial government in Yanjiao town of Sanhe County a few days ago.

Since reform and opening up, Hebei Province and the 20 counties and cities around Beijing and Tianjin have relied on Beijing and Tianjin, conducted cooperation with Beijing and Tianjin through various channels and forms, and explored and accumulated some successful methods and experiences through practice. During the Seventh Five-Year Plan period, the economic growth rate of these counties and cities was higher than the provincial average growth level. They are able to and have to make faster development in the course of doubling their GNP and marching toward the target of being fairly well-off.

Cheng Weigao, governor of the provincial government, and Gu Erxiong, vice governor of the provincial government, heard the reports from various counties and cities on relying Beijing and Tianjin to develop the economy

and their new ideology of accelerating economic development. In line with the provincial economic development strategy, Cheng Weigao, governor of the provincial government, set forth specific requirements for further displaying the regional advantages and accelerating the development speed.

He said: We should be determined to first achieve reform and opening up in the counties and cities around Beijing and Tianjin. This decision was made according to the actual provincial conditions and the objective law governing provincial economic development. Hebei must take the its own path in conducting reform and opening to the outside world. First, the areas where the economy is developed fairly quickly generally have backing of their own. An exceptional advantage of Hebei lies with Beijing and Tianjin. So, grasping and displaying this advantage will greatly promote the progress of reform, opening up, and economic development. Second, the key to realizing the target of doubling the GNP, seeking wealth, and marching toward the target of being fairly well-off hinges on making greater development in the county-level economy and the rural economy and hinges on whether some 50 million peasants can become rich. If the counties and cities around Beijing and Tianjin accelerate economic development and the coastal counties and cities and those along railways are economically well developed, more than one-third of the province's counties and cities will become fairly well-off ahead of others. Third, it is impossible for all areas to make economic progress at the same speed. So, we should develop the economy in a step-by-step manner. Our province should also carry out the strategy of letting the counties and cities around Beijing and Tianjin, the coastal counties and cities, and the counties and cities along railways develop ahead of others and then help the other areas develop the economy. Fourth, most of the counties and cities around Beijing and Tianjin are coastal hinterland and inland areas. Whether these areas can speed up the pace of reform and opening up hinges on opening themselves to the places at home. So long as we conduct and strengthen the cooperation with Beijing and Tianjin will we be able to rely on Beijing and Tianjin, speed up the development of high science and technology and the export-oriented economy, "pass the bridge" by "a borrowed ladder," and enter the international market. The counties and cities around Beijing and Tianjin should understand the heavy duty they are undertaking, further enhance the sense of crisis and the sense of urgency, deeply study the ideology of development, set forth objectives and measures, and strive to elevate their economy to a new high.

In regard to the advantages of Beijing and Tianjin, Cheng Weigao pointed out: Beijing is the political, economic, and cultural center of the country; the largest store for information, expertise, science and technology, projects, and capital; the largest market for commodities and production factors; and a key link and bridge for expanding the opening to the places at home and abroad. Tianjin is not only an old industrial base with a fairly

high scientific and technological level but also a port for exporting to foreign countries. So, it occupies an important position in the country. The reform and opening up of Beijing and Tianjin and the economic development will certainly provide increasingly more cooperative opportunities for the counties and cities around Beijing and Tianjin.

Cheng Weigao said: The key to relying on and using the advantages of Beijing and Tianjin hinges on further emancipating the mind. At present, the counties and cities around Beijing and Tianjin should emphatically solve three aspects of ideological problems. First, we must not only see the fairly good financial situation of the suburban counties in Beijing and Tianjin but their achievements in speeding up the pace of reform and opening up, their good reforms and opening policies, and their efforts to increase input and enhance reserve strength. We should approach this from the subjective point of view to find out where we lag behind. Second, the counties and cities around Beijing and Tianjin, occupying an especially advantageous position, should develop faster. However, now, they lag behind the suburban counties in Beijing and Tianjin in terms of speed of development. Third, we should correctly sum up the experiences and lessons in reform and opening to the outside world. We must not have a lingering fear just because we made some mistakes in the previous years.

Chen Weigao said that we should proceed from reality and persist in the criterion for productive forces in order to rely on and use the advantages of Beijing and Tianjin. First, in relying on Beijing and Tianjin's major organizations, large companies, large enterprises, universities and colleges, and large foreign-owned corporations stationed in Beijing and Tianjin, we should vigorously bring in information, skilled persons, projects, techniques, and capital. Second, we should digest and assimilate imported techniques and capital, blaze new trails, develop our own advantageous and famous-brand products, and directly compete on Beijing, Tianjin, domestic, and international markets. Persistently in line with the reality of various counties and cities and according to the needs of domestic and international markets, we should develop items that are conducive to developing the productive force, increasing local revenues, transferring rural labor, increasing the income of the peasants, and upgrading the quality of the cadres and the masses.

Cheng Weigao stressed: Deepening reform is the internal motivation to rely on and use the advantages of Beijing and Tianjin to develop the commodity economy. To speed up economic development, we should conduct a series of reforms, including the appropriate reform of the organizational setup structure, the cadres system, the distribution system, the economic management system, and the scientific and technological management system; set up the mechanism of linking power with duty and benefits and the mechanism of linking cadres' wages and their promotion and demotion with their contributions; and establish and perfect the objective responsibility system.

Cheng Weigao said: We should create a fine investment environment. Our investment environment should be better than those of the suburban counties in Beijing and Tianjin. That is, we should provide more preferential policies, better services, and higher work efficiency. We should conscientiously conduct investigation and study on the policies of the suburban counties of Beijing and Tianjin and work out a series of auxiliary policies on relying on and using the advantages of Beijing and Tianjin. For instance, we should formulate the policy of conferring benefits through cooperative investment, cooperation, and sole investment; the policy on renting land and transferring land utilization rights; the reward policy for bringing in capital, projects, and information; the policy on transferring patented scientific and technological findings; and the policy on awarding science professionals, technicians, and entrepreneurs who are from other parts of the country and make contributions in Hebei. Simultaneously, there must be appropriately simplified work procedures and formalities and regulations on improving work efficiency. The province will not make a unified policy decision in this regard. On the premise of being submitted to the major state policies, these counties and cities are allowed to adopt flexible methods and will enjoy the positive support of the province.

Cheng Weigao finally said: The provincial-level organs should change their concept, function, and work style. What we should urgently attend to is delegating power to lower levels. That is, we should delegate to the 20 counties and cities around Beijing and Tianjin and the economic and technological development zone some provincial-level economic management rights, such as the right to examine and approve projects, the right to collect funds, the right to manage land, and the right to recruit workers and transfer cadres. Some principal responsible comrades of relevant provincial-level departments will give important instructions.

Hebei Holds Economic Symposium for Foreign Guests

SK0206092792 *Shijiazhuang HEBEI RIBAO*
in Chinese 8 Apr 92 p 1

[By reporter Zhang Xiaolin (1728 1420 2651) and Han Xianjun (7281 3807 6511): "Our Province's Foreign and Economic Cooperation Symposium on the Key Projects During the Eighth Five-Year Plan Period Opens in Beijing"]

[Excerpts] Beijing has bright sunshine and gentle breezes in April. The Hebei Province, Beijing is thronged with visitors, and bright-colored and beautiful flowers greeted the guests from all over. At 0920 this morning, the provincial foreign and economic cooperation symposium on the key projects of the Eighth Five-Year Plan period ceremoniously opened here.

Governor Cheng Weigao, and Vice Governors Ye Liansong and Song Shuhua attended the opening ceremony. Cheng Weigao gave a welcoming speech, entitled:

"Hebei Is Your Good Cooperation Partner and a Good Place for Making Investments." On behalf of the provincial government, he extended a warm welcome to the commercial officials of the American, French, Australian, British, and Swedish Embassies in China, and responsible persons and representatives of the organs of a group of companies stationed in Beijing, including the Mitsubishi Corporation and Ito Chu Co., Ltd. of Japan and the Bayer Company of Germany for their coming to the symposium. Cheng Weigao introduced in detail our province's advantages of rich natural resources, good geographical position, convenient traffic facilities, and good industrial foundation, and other favorable conditions. He said: In the reform and investment environment, Hebei Province has formulated a series of preferential policies in line with the relevant state policies to encourage foreign businessmen, Overseas Chinese compatriots, and Taiwanese compatriots to make investments, and made strenuous efforts to raise work efficiency and simplify the examination and approval procedures. [passage omitted]

Cheng Weigao declared: From 6-12 May, our province will hold the Hebei provincial meeting to release the foreign economic and technological cooperative items in Shenzhen, and from 1-10 September, it will hold the Hebei provincial foreign economic and technological cooperation symposium in Shijiazhuang city. All friends are welcome to the symposiums.

Wan Guoqing, vice chairman of the provincial planning and economic commission, introduced our province's foreign economic cooperative items to the guests. [passage omitted]

Attending the symposium were legal representatives of various enterprises and units in the province and leaders of various prefectures and cities, and responsible persons of provincial-level departments and various banks, a total of 300 people.

Shanxi Capital City Plans To Lure Foreign Cash

HK0306101192 Beijing CHINA DAILY in English
3 Jun 92 p 2

[By staff reporter: "Taiyuan Announces Bold Steps To Lure Foreign Cash"]

[Text] Cashing in on the nation's current reform initiative, Taiyuan of Shanxi Province has made a bold bid for opening to the outside world.

The municipal government has in the past week announced a package of new measures for strengthening economic ties between the provincial capital and the world community.

Vice-Mayor Wang Xin said by opening wider, the inland city in North China is seeking to join China's coastal open cities for faster economic growth.

"Taiyuan is now lagging far behind its coastal counterparts in many aspects. But the city has a great potential for further economic take-off," Wang said in a press conference.

Covering nearly 7,000 square kilometres, Taiyuan has a population of 2.64 million. The city boasts rich natural and mineral resources and well-developed telecommunications and transportation systems.

After decades of construction, Taiyuan has developed into a chemical and heavy industrial base, with energy, metallurgy, machine-building and chemicals as major industries, Wang said.

The city now has air links with most of China's major cities and is planning to open a new route to Hong Kong.

The municipal government has come up with a list of 240 projects for foreign investors to take part in. They cover almost all sectors of the economy.

"All kinds of co-operation are possible," Wang said.

To improve the investment environment, the municipal government recently issued four regulations concerning foreign investment in the city.

The core of these new rules is that all foreign-funded firms in Taiyuan will enjoy tax exemptions and reduced taxes during the first two years of operation in accordance with their businesses performance and technological level.

Overseas-funded firms can also lease land-use rights, with the longest lease term extending for a period of 70 years with the option to renew.

In addition, overseas-funded enterprises which invest in education, culture, and health care will receive free use of land.

Investors from Taiwan, Hong Kong, and Macao will enjoy more favourable policies in Taiyuan, including a land rental rate cut of 50 percent.

Overseas business people are welcome to invest in the city's special new and high-technology development zone, now home to 91 firms making computers, Wang said.

Tianjin Spurs High-Tech Industry Development

OW0306101192 Beijing XINHUA in English
0953 GMT 03 Jun 92

[Text] Tianjin, June 3 (XINHUA)—North China's port city of Tianjin has put heavy stakes on the development of its new and high-technology sector, which, it hopes, will sharpen the competitive edge of its products on both domestic and foreign markets.

One year ago, according to a local official, the city established a service center to support the pioneering efforts of enterprises in developing this field. Since then,

some 20 enterprises have developed 71 kinds of new and high-technology products, with estimated economic returns amounting to 13.4 million yuan.

The service center is situated in the city's new technology development area. The five-story building houses 20 enterprises specializing in electronics, new materials, bio-engineering and related industries. The city government has provided preferential policies to aid their pioneering efforts and the service center provides conveniences in loans, communications and office facilities.

The Zhengda Electronic Research Institute used to generate about 200,000 yuan a year in output value. But after moving into the service center the scale of production of its computerized multi-functional digital power meters has been expanded swiftly, and in less than eight months its output value doubled.

More than 130 other enterprises are reported to have filed applications to enter the service center. To cope with the demand, the center is to be expanded to accommodate 60 enterprises.

Northwest Region

Activities of Gansu Secretary Gu Jinchu Detailed

Attends Armed Police Work Forum

HK3105015192 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 23 May 92

[Excerpts] A national armed police training quality appraisal forum opened in Lanzhou yesterday morning.

The armed police constitutes an important component of the armed forces led by the party and the state and shoulders a sacred mission of safeguarding the socialist system, defending national security, and maintaining social order.

The forum was mainly devoted to discussing and working out ways and means of further improving armed police training quality under a new situation marked by reform and opening up in accordance with Comrade Deng Xiaoping's important speeches with an eye on promoting a comprehensive qualitative improvement of armed police training work and making it possible for armed police to contribute to and escort the country's economic construction. [passage omitted]

Major General Li Shouyan, deputy political commissar of the Chinese People's Armed Police Force, delivered a speech at the forum, in which he spoke highly of both the bold steps taken and the initial experiences gained by the Gansu Provincial Armed Police Corps in improving its training quality.

Lieutenant General Zhou Yushu, commander of the Chinese People's Armed Police Force, a number of other senior armed police officers, as well as provincial party, government, and military leaders, including [provincial

party committee Secretary] Gu Jinchu, Li Ziqi, Cao Pengsheng, Xu Feiqing, Yang Yingchang, Sun Cuiping, Li Zilin, Chen Qilin, and others, attended the opening ceremony at which they also watched a number of performances staged by the armed police officers and armed policemen.

Views Ideological, Political Work

HK0306072892 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 30 May 92

[Text] The seventh annual meeting of the China Association for Ideological and Political Work Among Staff and Workers concluded in Baiyin City.

The meeting stated: After studying and implementing the spirit of Comrade Deng Xiaoping's important speeches as well as the spirit of a recent CPC Central Committee plenary meeting and further emancipating the mind, all the participants acquired an in-depth understanding of the present ideological and political work tasks and formulated a clear-cut basic train of thought and ideology guiding successful ideological and political work among enterprise staff and workers under the new circumstances.

Gu Jinchu, secretary of the Gansu Provincial CPC Committee, extended congratulations to the meeting upon its successful conclusion. Gu said: This year, we must make every possible endeavor to successfully carry out ideological and political work among enterprise staff and workers in light of the realities in Gansu and conscientiously implement to the letter the spirit of this meeting.

Gu Jinchu also invited the participants of the meeting to tour and see with their own eyes various areas of Gansu so as to put forward valuable views and suggestions on Gansu's work, help Gansu further improve its ideological and political work among enterprise staff and workers, and push ahead with Gansu's economic development.

Xu Weicheng, executive deputy director of the CPC Central Committee Propaganda Department, made a summing-up report at the meeting.

The meeting also announced a namelist of newly elected president, vice presidents, and executive committee members of China Association for Ideological and Political Work Among Staff and Workers.

Yuan Baohua was appointed president of the association.

Addresses Government Meeting

HK3005054092 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 23 May 92

[Text] The provincial government held its seventh plenary meeting yesterday. The meeting called for quickening reform pace and strengthening implementation work.

[Provincial party committee Secretary] Gu Jinchu delivered a speech in which he pointed out: Until now, various departments and units concerned across the

province have not yet made a unified endeavor in implementing some 10 opinions put forth by the provincial authorities. A number of departments and units have done more than what is required of them, whereas others have not yet carried out the work at full steam.

Gu Jinchu called on all trades and professions to display a spirit characterized by acceleration, innovation, pragmatism, and efficiency, be bold in both thinking and practical work, and waste no time in grasping opportunities.

[Provincial Governor] Jia Zhijie remarked: This year, we are facing very favorable objective conditions. The implementation and fulfillment of various quotas relating to communications, energy, raw and processed materials, infrastructural facilities, and some other aspects, which are listed in the country's Eighth Five-Year Plan, as well as the commissioning of a Eurasian continental bridge will definitely turn a once closed and backward Northwest into a forefront of China's opening up in both easterly and westerly directions. We must not let slip this hard-won opportunity.

Jia Zhijie also called for quickening reform pace and making breakthroughs in six aspects—namely, finance, commodity price, circulation, opening up to the outside world, giving play to roles of qualified scientific and technological personnel, and developing diversified economic elements so as to further push ahead with provincewide economic development in 1992.

Provincial Vice Governors Zhang Wule, Yang Huaixiao, and Chen Qiling also attended the meeting.

Addresses Family Planning Forum

HK0306074192 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 28 May 92

[Text] An excellent situation of principal leaders at all levels assuming personal responsibility for family planning work has now emerged in the province. By the end of April, the province had performed over 180,000 oviduct ligation and vasoligation operations, accounting for more than 30 percent of this year's quota. Nonetheless, we should on no account become over-optimistic about the family planning situation.

Yesterday, the provincial leading group in charge of family planning work held a forum in Gannan County, which summed up the provincial family planning work over the past few months. The provincial leading group in charge of family planning work also carried out an on-site investigation of Gannan County's family planning work and forwarded tasks for the next-stage family planning work.

Governor Jia Zhijie said: This year, we are confronted with a rigorous family planning situation. Therefore, all the comrades concerned must develop a strong sense of urgency and strive to concentrate efforts on carrying out shock family planning activities. Jia stressed: We must

simultaneously grasp two aspects, namely, attaining a higher economic growth rate and a lower population growth rate. These two aspects constitute an important criterion by which we appraise the performance of leaders at all levels.

Provincial party committee Secretary Gu Jinchu also delivered a written speech at the forum, in which he stated: It is imperative to persistently carry out family planning work for a long time to come. He called on leaders at all levels, especially party and government organizations at township, town, and village levels, to take family planning work as regular work, make earnest efforts to further family planning work in a down-to-earth manner, and prevent family planning work from sliding down.

Lu Kejian, Li Hulin, and Chen Qilin also attended the forum.

Activities of Gansu Governor Jia Zhijie Reported

Receives Canadian Trade Group

HK0106103892 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 22 May 92

[Text] Governor Jia Zhijie met with a visiting group from the Canada (Taijia) International Group headed by Ms Headan, the group's executive director and president, at the Jincheng Guest House this afternoon.

Jia Zhijie briefed the guests on Gansu's situation with regard to energy, raw and semi-finished materials, and mineral resources, and expressed the hope that the group will join Gansu in tapping local resources.

After learning about Gansu's situation, Ms Headan showed great interest in joint venture enterprises, cooperation in providing labor, and trade.

The two parties reached an agreement of intent on these aspects.

Discusses Shareholding System

HK0306072692 Lanzhou Gansu People's Radio
Network in Mandarin 2300 GMT 27 May 92

[Text] Governor Jia Zhijie stressed that with regard to our province's shareholding system, it must no longer remain empty talk, and that it is necessary to make a breakthrough and achieve some results. Jia Zhijie made the remarks when he was handling official business on the spot in Yongchang. He said: Financial departments must raise funds through various channels, and expand the issuance of bonds. They must follow a down-to-earth manner and take real actions to develop the stock market and shareholding system. Various provincial-level departments and various prefectures and counties throughout the province must take action and make a breakthrough as early as possible.

Jia Zhijie also added: Provincial government plans to allocate some funds to provide financial subsidies for highly efficient enterprises which bear heavier financial

burdens because of issuing bonds and shares to encourage them to do so in the interest of pursuing a shareholding system.

'U.S. Pressures' Not To Change Central Bank

OW0206092792 Taipei CNA in English 0824 GMT
2 Jun 92

[Text] Taipei, June 2 (CNA)—The Central Bank of China [CBC] won't change its monetary policy under U.S. pressures, CBC governor Samuel Shieh [Chieh Sen-chung] reiterated Monday.

Testifying before the Economic Affairs Committee of the Legislative Yuan, Shieh said the Central Bank has consistently stood firm on its exchange rate policy.

The senior banker stressed that the Central Bank has not manipulated the new Taiwan [NT] dollar's exchange rate for unfair trade advantages as the U.S. Treasury Department has claimed.

"The allegation was unfair and unwarranted," Shieh argued. "The value of our currency is determined by market forces of supply and demand," he added.

"I'll continue to do my best to convince American Treasury officials that the CBC has not manipulated the NT dollar's exchange rate," Shieh told the legislators.

He also said that the United States should try to sell more products to Taiwan in order to narrow the trade gap between the two countries.

Property Rights To Meet World Standards

OW0206092892 Taipei CNA in English 0821 GMT
2 Jun 92

[Text] Taipei, June 2 (CNA)—President Li Teng-hui said Monday that the Republic of China will update its intellectual property rights laws and regulations to international standards.

Li made the statement during a meeting of ranking party and government officials he called in his capacity as chairman of the ruling Kuomintang [KMT] to discuss intellectual property rights (IPR) issues.

The meeting was aimed at seeking support from different government branches to upgrade the country's IPR laws and regulations, Li noted.

The president reaffirmed that it is an established government policy to protect intellectual property rights. He expressed the hope that the administrative and legislative branches will join forces to update the country's IPR regulations to meet international standards and requirements.

"In line with our economic internationalization," Li said, "we must adopt internationally-accepted standards in amending or formulating our IPR protection systems."

During the meeting, Economic Affairs Minister Vincent Siew [Hsiao Wan-chang] briefed Li on the ongoing Sino-U.S. trade consultations in Washington, D.C. on intellectual property rights issues.

Siew said the talks seemed to have hit a snag as the United States maintained that protection is insufficient in Taiwan for American books, films, computer software, music recordings and trademarks.

In response, Li urged relevant government agencies to strictly enforce the newly amended copyright law and to formulate new regulations needed for eliminating commercial piracy here.

Among those present at the meeting were Vice President Li Yuan-zu, KMT Secretary-General James Soong [Sung Chu-yu], Legislative Yuan Speaker Liu Sung-fan, Interior Minister Wu Poh-hsiung, KMT legislative caucus whip Wang Chin-ping and Wang Chao-ming, secretary-general of the Executive Yuan.

Meanwhile, the U.S. Trade Representative's Office announced yesterday that it has launched a formal investigation into alleged piracy of American copyrights and trademarks in Taiwan that could bring higher U.S. duties on Taiwan products.

The six-month investigation officially began after the two governments failed last week to reach an agreement that would meet U.S. complaints.

Number of Ocean Driftnet Boats To Decrease

OW0206092592 Taipei CNA in English 0809 GMT
2 Jun 92

[Text] Taipei, June 2 (CNA)—The number of Taiwan's driftnet fishing boats operating in the North Pacific and the Indian Ocean will be reduced by 50 percent for the second half of the year, the Council of Agriculture (COA) reported Monday.

The decision is in line with a United Nations ban on driftnetting on the open seas starting next year.

COA said that during the second half of last year, 110 Taiwan driftnet fishing boats operated in the North Pacific and 107 in the Indian Ocean. The number will be cut to 55 and 54 respectively by year's end.

Editorial on 'Hypocrisy' in Mongolian Aid Forum

OW2905143592 Taipei CNA in English
1348 GMT 29 May 92

[Editorial entitled "International Hypocrisy"; from 29 May EXPRESS NEWS, an evening daily published by CNA]

[Text] Taipei, May 29 (CNA)—Representatives from 17 countries and five international organizations are attending a two-day Mongolia assistance group meeting at Tokyo. The conference, which closes today, aims at providing enough economic assistance to Mongolia, now in a predicament following the cessation of aid from the defunct Soviet Union.

Conspicuously absent from the Tokyo meeting are delegates from the Republic of China. Mongolians are one of the five major ethnic entities forming the Chinese

nation. We have moral obligation to help and are financially capable of assistance, but we were not invited to attend.

The Mongolian assistance group has to be accused of blustering hypocrisy.

We are not sure how many of the 17 countries represented at the Tokyo meeting can lend a helping hand to Mongolia. Aside from Japan, apparently there are few, if any, of them that can afford and are willing to do so.

And even Japan cannot promise enough help to Mongolia, where shortages of vital commodities have forced Ulaanbaator to start rationing bread. Mongolian Prime Minister Dashiyn Byambasuren has estimated the country's trade deficit at US\$160 million this year. Mongolia also needs millions of dollars in loans and subsidies to get its economic house in order. Tokyo has promised only US\$18 million in grants, part of which will be used to purchase wheat in mainland China for shipment to Mongolia.

On the other hand, the Republic of China has already donated 2,000 metric tons of rice to Mongolia. The shipment is expected to begin by the end of this month. Taipei may, if requested, contribute a substantial sum in aid to Ulaanbaator.

There are many reasons why Taipei was not asked to take part in the Tokyo meeting. The primary, and practically the only one, reason is that the 17 countries and Mongolia do not want to offend Peking [Beijing]. Can Deng Xiaoping single-handedly help Mongolia out of its economic mess?

Such international hypocrisy has to come to an end. Taipei has to be invited to any future international meeting where assistance to Mongolia is to be discussed.

Freighter Reportedly Attacked by Mainland Boat

*OW0306082492 Taipei CNA in English 0744 GMT
3 Jun 92*

[Text] Taipei, June 3 (CNA)—Taiwan freighter was attacked by a communist Chinese boat on its way from Hong Kong to Kaohsiung, southern Taiwan, May 30, the navy headquarters said Tuesday.

It said the 2,000-ton Tung Chiang was fired at by an iron-hulled boat 47 nautical miles off the Hsiaoliuchiu islet at 7:50 p.m. on May 30.

After receiving an SOS call, three navy ships rushed to the Tung Chiang's rescue, the navy reported.

After chasing the Taiwan freighter for about one hour, the mainland Chinese boat turned off its lights and sped away at 8:55 p.m. and the navy ships escorted the Tung Chiang back to Kaohsiung, the navy added.

Government authorities have been investigating into the incident, police said.

Spokesman: Mainland Uses 'Old Logic' on Ties

*OW0206085092 Taipei CNA in English 0755 GMT
2 Jun 92*

[Text] Taipei, June 2 (CNA)—Presidential spokesman Chiu Chin-yi said Monday that Communist China still uses an old logic to explain relations between the two sides of the Taiwan Straits.

Chiu's earlier proposal for the two sides to sign a non-aggression pact has been rejected by Communist Chinese President Yang Shangkun, who demanded party-to-party talks on national unification.

Chiu told students of the World Journalism College in Taipei that by insisting on party-to-party talks, Peking [Beijing] has betrayed that it does not understand the current situation on Taiwan.

He quoted article two of the national unification guidelines as saying that China's unification should be premised on the wellbeing of all Chinese, not on the benefits of political parties.

Both Taipei and Peking acknowledge that there is only one China, Chiu said.

The difference is that Peking thinks the one China is the People's Republic of China, whereas Taipei says it is the Republic of China [ROC], the deputy secretary general of the Presidential Office said.

Commenting on Peking's refusal to recognize the Republic of China as an equal political entity, Chiu said "How can they say the ROC does not exist, while it has its own territory, people, government, and sovereignty, and has been living quite well?"

He pointed out that the ROC's unification policy is aimed at building a rich and strong China by means of developing national industries.

Peking's goal of national unification is, however, quite ambiguous, Chiu added.

The spokesman stressed that whoever wants to unify China must first be able to maintain the Chinese culture, respect human dignity, protect basic human rights, and implement a democratic rule of law.

All these are precisely the weaknesses of the Chinese communist regime, Chiu said.

Mainland Revitalizing by Discarding Marxism Urged

*OW0106091192 Taipei CNA in English 0825 GMT
1 Jun 92*

[Text] Taipei, June 1 (CNA)—Mainland Affairs Council (MAC) Chairman Huang Kun-hui Sunday urged Peking [Beijing] to "drive away Marxism-Leninism in order to revitalize the Chinese nation."

The phrase was derived from a slogan put forward by Chinese revolutionaries who wanted to topple China's

last imperial dynasty at the turn of the 20th century—"to drive off Tartars (and their bad influences) in order to revitalize China."

Huang told a seminar that the key to advancing the government's unification work lies in Communist China's attitude toward the Republic of China [ROC].

Under the national unification guidelines, exchanges across the Taiwan Straits will remain civilian as long as Peking refuses to recognize the ROC as an equal political entity.

Huang said that he does not hope to see Peking continue to attach importance to the interest of the Chinese Communist Party alone in disregard of national interest.

By ignoring the fact that China is a divided country with two equal governments, and by refusing to renounce the use of force against Taiwan, Peking is impeding the progress of national unification, the MAC chairman said.

In spite of Peking's retarding efforts, the ROC will continue to promote civilian exchanges across the straits, believing that official contacts can start only after a firm basis of civilian exchanges has been built, Huang added.

To expand civilian contacts, he said the MAC will further loosen the rules on cross-straits family visits and recruiting mainland talent.

The MAC is planning to allow both maternal and paternal grandparents and young grandchildren to visit a sick relative in Taiwan or attend his/her funeral, Huang noted.

Mainland Chinese will also be allowed to stay in Taiwan to take care of an ill relative until he or she recovers or dies, Huang added.

On the recruitment of mainland Chinese talent, the MAC will expand the target area to include Mainland China, he said. Currently, only those staying abroad can be employed here.

Huang said humanities scholars and social scientists will also be recruited from the mainland.

Mainland To Hold Large Trade Meeting on Taiwan

OW3105073392 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 29 May 92

["Report from the mainland" by reporter Yang Jin-hui from the "Hookup" program—recorded]

[Text] Communist China will convene a conference on trade with Taiwan in early June. The slogan to be adopted at the meeting will be "A great leap forward." The meeting will set specific targets for provinces in attracting Taiwan capital. Reporter Yang Jin-hui has a report from the mainland:

[Begin Yang recording] Communist China will convene a large working conference on trade with Taiwan in early June. Personnel from economic and trade departments under the CPC Central Committee and from Taiwan affairs offices of various provinces will take part in the conference. A source says that Communist China attaches great importance to this meeting. Participants in the meeting will discuss readjustment of economic and trade policies toward Taiwan, and they will stress achieving a still greater breakthrough in economic and trade work toward Taiwan this year to promote three exchanges between the two sides of the strait. The same source pointed out that the major agenda item at this economic and trade work meeting will be the designation of 1992 as the Year of Communist China's Economic Great Leap Forward.

To attract Taiwan capital, domestically, Communist China's departments responsible for economic and trade with Taiwan are assigning targets for provinces and municipalities to attract Taiwan capital; that is to say, Communist China's economic departments will, according to the regional situation, set appropriate economic and trade targets for them so that regions can make all-out efforts to attract Taiwan capital and reach their targets. Externally, localities have begun to lift restrictions imposed on Taiwan businessmen. For instance, Beijing was once an impenetrable realm of conservatives, but Beijing now also has begun to lift restrictions. Taiwan businessmen can now negotiate conditions with Beijing.

It has also been learned that the Fujian experience will be promoted at the meeting and that a call on Taiwan businessmen to invest in their hometowns will be launched at the meeting. Fujian will introduce a large number of preferential policies to attract Taiwan businessmen of Fujian origin to invest in Fujian. [end recording]

Hong Kong

Li Peng, Major To Discuss Airport, Financing

HK0306010592 Hong Kong SOUTH CHINA
MORNING POST in English 3 Jun 92 pp 1, 2

[By Fanny Wong]

[Text] Prime Minister Mr John Major is expected to hold urgent talks with Chinese Prime Minister Mr Li Peng next week, in an attempt to break the deadlock over Britain's plans to finance the Chek Lap Kok airport project.

In the unlikely setting of Rio de Janeiro, where both men will be attending the Earth Summit, the meeting will escalate the financing row to its highest diplomatic level as they discuss why Beijing has so far refused to give the deal its blessing.

Without an early breakthrough, it is feared the impasse could cause severe slippage in the multi-billion dollar airport and related projects, upsetting Hong Kong's timetable to have the first runway open in 1997.

The meeting is tentatively scheduled for Friday next week. Mr Major is due to arrive in Rio on June 11 and leave late on June 12, while Mr Li arrives on the 12th.

Preparatory meetings for the Rio "airport summit" will be held between senior Chinese officials and Lord Wilson, who visits Beijing on Sunday [7 June] for the last time as Hong Kong Governor.

Although Lord Wilson's Beijing programme has yet to be finalised, he is expected to hold talks with senior Chinese officials between Sunday afternoon and Tuesday morning when the airport is expected to figure prominently.

The Chinese premier is highly likely to meet Lord Wilson where the airport issue may be touched upon but more detailed talks on the subject are expected between the Governor and Mr Lu Ping, Director of the State Council's Hong Kong and Macao Affairs Office.

It will be the first opportunity for the Governor to discuss with Chinese officials their reservations about the airport financing package since it was submitted to the Chinese side on April 3.

Informal talks in the JLG [Joint Liaison Group] Airport Committee have so far made little, if any, progress despite Britain's repeated attempts to seek Beijing's support for the airport financing plan.

Under the Airport Memorandum, up to one month is allowed for consultation.

The Chinese JLG team leader, Mr Guo Fengmin, said at the weekend that the Chinese side had already raised some questions on the financing scheme and was awaiting replies from its British counterparts.

Chinese officials are unhappy with the soaring estimates of the airport railway projects which have almost doubled from \$12.5 billion to \$22.5 billion in nine months.

They are also concerned about the need to provide for callable equity, considered as debt by China, for both the Mass Transit Railway Corporation and the future Airport Authority, which totals \$21 billion.

But the British side is understood to be still not clear about the full Chinese position on the airport package.

British officials are also understood to be concerned at the time pressure on the projects which face a tight timetable.

They are hoping that the top level talks in Rio de Janeiro between both prime ministers can break the deadlock and lead to the early implementation of the construction programme to allow the airport's timely opening in 1997.

The British side is understood to be hoping for China's support on the airport financing package as soon as possible to allow the Hong Kong administration sufficient time to go to the Legislative Council for funding approval before the current session ends.

Officials are concerned that funding requests which cannot be granted before the end of the current legislative session, may lead to serious slippage of some projects, such as the airport railway, especially if they have to wait for the new session of Legco [Legislative Council], which does not resume until October.

The airport aside, the thorny issue of the 1995 Legislative Council elections could also figure in the talks.

The left-wing TA KUNG PAO yesterday carried an interview with the chairman of the Airport Consultative Committee, Mr Wong Poyan, who said the current problems could be resolved.

However, Mr Wong criticised the comment by British Foreign Minister with special responsibility for Hong Kong, Mr Alastair Goodlad, that the Basic Law could be changed before 1997.

Mr Wong said that such remarks would not be conducive to negotiations on airport financing.

Meanwhile, the United Democrats said yesterday that it was unnecessary to set aside a special amount in the reserves after 1997 despite the need to provide billions of dollars of callable equity to the Mass Transit Railway Corporation and Airport Authority if necessary.

The party's spokesman on infrastructure, Mr Albert Chan Wai-yip, said he was worried that making extra provision to meet the need of callable equity, additional funding to be injected to the two corporations if needed, might put a financial burden on the public.

"Since the Government has already been asked to set aside \$25 billion in the reserves (for the Special Administrative

Region government), additional reserves (to m provide for callable equity) could increase the public burden through taxation," he said.

Journal on 'U.S.-Hong Kong Relations Act'

HK0106142192 Hong Kong TZU CHING in Chinese
No 21, 5 Jun 92 pp 23-24

[Article by Cheng Yu (4453 1432): "Comments on 'U.S.-Hong Kong Relations Act'"]

[Text] U.S. Senator McConnell set out a "U.S.-Hong Kong Relations Bill" last September. On 2 April, the U.S. Senate Foreign Relations Committee held a hearing on this bill, at which a senior U.S. Administration official made some suggestions for revisions while expressing support for it in principle. McConnell personally came to Hong Kong on a lobbying trip 21 to 24 April, under the pretext of "soliciting the opinions of various circles" in the territory, while seeking support everywhere. The bill, with slight alterations, was adopted by the Senate Foreign Relations Committee on 7 May. This has been a popular topic in Hong Kong for some time, rousing strong reaction from people in various circles and from public opinion. The author would like to comment here on the grounds, essence, and consequences of the "U.S.-Hong Kong Relations Act," so that the public may know the truth of the matter.

Economic Grounds Do Not Hold Water

The grounds for, and major clauses in, the "U.S.-Hong Kong Relations Act" are to guarantee U.S. interests in Hong Kong; maintain U.S.-Hong Kong bilateral relations (including commerce, trade, cultural and educational exchanges, and cooperation in shipping and aviation); support Hong Kong in participating in international, multilateral organizations; and to regard Hong Kong as an independent region of China in trade. Because of the "temptation of benefits," such grounds have really bewildered some people who had the wrong impression that the act concerns only the economic aspects. In actual fact, all those grounds do not hold water when we see the facts.

Everybody knows, after 1 July 1997, Hong Kong's sovereignty will revert to the PRC and Hong Kong will be a special administrative region [SAR] exercising a high degree of autonomy under the direct jurisdiction of the PRC central people's government. When the time comes, Hong Kong's existing social and economic system, as well as its lifestyle, will remain unchanged; as an independent tariff region, Hong Kong will continue to implement a free trade policy and maintain its free port status; and the future Hong Kong SAR Government will maintain and develop economic and cultural relations and initial related accords with various countries, regions, and related international organizations on its own in the name of "China Hong Kong." All this has been clearly written down in the Sino-British Joint Declaration on the Question of Hong Kong and its annexes, and "The Basic Law of the Hong Kong Special Administrative Region of the People's

Republic of China," adopted by the PRC through the National People's Congress in 1990, has set the aforesaid in the form of law. As the U.S. authorities have officially expressed their position and welcomed the Sino-British Joint Declaration, all they have to do is to deal with U.S.-Hong Kong relations in the light of the spirit of the Joint Declaration, and there is basically no need to unilaterally dish up an act! As to guaranteeing the legitimate rights and interests of various countries in Hong Kong, solemn commitment has already been made in the Basic Law. After 1997, the interests of all foreign companies and businessmen, including those from the United States, can surely be sufficiently guaranteed as long as they observe the Basic Law and other laws of the Hong Kong SAR. The economic and trade relations between all countries and Hong Kong can be maintained and achieved through bilateral accords; should disputes arise, there will be many ways to solve them, such as talks, negotiations, lodging of complaints, or judicial arbitration.

Some people have the wrong impression that, by relying on the "U.S.-Hong Kong Relations Act," Hong Kong will be free of involvement in Sino-U.S. disputes in economic and trade relations and "extra-international insurance." That is a naive delusion. The undeniable objective facts are that the Chinese mainland is Hong Kong's inseparable and largest trade partner; the current Hong Kong economy is one with the hinterland, especially the south China region and the Zhu Jiang Delta; and the impetus for future Hong Kong economic development comes chiefly from the mainland, especially South China. When there is water in a big river, tributaries will be filled with it, but when there is no water in the big river, tributaries will dry up. For example, on the issue of the United States continuing to grant China most favored nation [MFN] status, Hong Kong is in the same boat as the hinterland. Should the United States cancel China's MFN status, it is estimated that Hong Kong could possibly lose between 25 and 47 percent of its entrepot trade volume, with its actual income being cut back by between HK\$12 and HK\$16 billion and a consequent 44,000 unemployed. Then, all the talk about the "independence" of a "unitary region" and "insurance" will do no good.

The Chinese factor is the chief one in Hong Kong's prosperity. The irreversible trends of China's reform and opening up and vigorous economic development is consolidating and elevating Hong Kong's economic position in the world and will continue so to do. Under this prerequisite, Hong Kong has become the best place for entering the huge market of China's hinterland; that is also why various countries are optimistic about Hong Kong. Many U.S. companies are increasing their investment in Hong Kong, and have set up their headquarters in Hong Kong for their Asian development from the needs of their operational development.

Viewed from this angle, if the United States really cares about Hong Kong's prosperity and ensuring the interests of U.S. investment in Hong Kong, it would be better for them

to do some substantial work rather than formulate a "U.S.-Hong Kong Relations Act," which deceives themselves as well as others. For example, they could review U.S. economic and trade policy toward China and Hong Kong; stop adding artificial conditions to issues regarding the category of the MFN status, which should be bilateral and of mutual benefit; refrain from adopting double standards on the boat people issue; and so forth. Only then will it be possible to verify U.S. sincerity in dispelling the cloud over Hong Kong's economy and for protecting the interests of U.S. corporations in Hong Kong.

Obvious Political Motives

The United States used to grant unitary treatment to Hong Kong in trade and immigration, while handling its relations with Hong Kong on a low-key basis. U.S. investment in Hong Kong exceeds \$7 billion and over 20,000 U.S. expatriates reside in Hong Kong; however, Hong Kong has never been a focus for U.S. foreign relations. It is only with the end of U.S.-USSR contention over hegemony, especially with the handover of Hong Kong's sovereignty approaching, that it has accelerated the pace of encroaching on Hong Kong. This point was clearly put in an October 1989 research report published by the "Heritage Foundation," a U.S. political think tank, which stated: "Washington must clearly see, in view of Hong Kong's marked economic and cultural position, it is inevitable that the United States replace Britain and become the most important Western country in Hong Kong." This being the case, it is not by chance that the "U.S.-Hong Kong Relations Act" has been dished up. It is not out of concern for Hong Kong's prosperity, nor from long-term U.S. interest in Hong Kong, but to internationalize the Hong Kong issue politically and create legal grounds for U.S. intervention in Hong Kong affairs. Herein lies the essence of the issue.

One of the articles with the most obvious political intent in the "U.S.-Hong Kong Relations Act" put forward last year must be the one demanding that the U.S. Government submit an annual report to Congress on implementation of the Sino-British Joint Declaration. Even the persons concerned who later participated in the hearing felt that this bore too strong a mark of interfering in the affairs of another country and, under pressure from various quarters, revisions were made. The revisions were: The U.S. Government will submit a report to Congress on such Hong Kong conditions as are of concern to U.S. interests; thereafter a report will be submitted every 18 months. What, then, are "such Hong Kong conditions of concern to U.S. interests?" The revised "U.S.-Hong Kong Relations Act" says that human rights are of direct concern to U.S. interests and a successful transition of Hong Kong's sovereignty must safeguard the development of human rights and promote the progress of democracy. Thus it can be seen that what was changed in revision was more form than substance, with the insistence on supervising the Sino-British Joint Declaration and interfering in China's internal affairs remaining unchanged. They impose their own values on others, go about enacting legislation claiming that the matter involved concerns their national

interests, and interfere in other countries' political affairs. Is it acceptable to the U.S. Government if other countries do the same, drafting policies or laws on a certain state in the United States and meddling in its affairs? It is better not to do unto others as you would not like them doing unto you. Hong Kong is not a state in the United States. Before 1 July 1997, affairs concerning Hong Kong are those between the Chinese and British governments. There is no need, nor will it be allowed, for a third party to have a hand in Hong Kong affairs. As of 1 July 1997, Hong Kong affairs will be purely China's internal affairs. According to the norms of international law, the United States has no rights to meddle in Hong Kong affairs under any excuse or in any form, whether before or after 1997. The Chinese Government will absolutely not accept any acts that internationalize the Hong Kong problem.

And the concern "stressed" in the "U.S.-Hong Kong Relations Act" for the democratization of Hong Kong and human rights for Hong Kong people is simply ridiculous! In the 100 years or so before the signing of the Joint Declaration between China and Britain, Hong Kong did not have any democracy and the United States had never expressed any "concern" about it. It is only after China was going to reclaim Hong Kong's sovereignty that democracy gradually developed in Hong Kong. This kind of democratic development resides in prosperity and stability and the key is to get rid of colonial rule. After 1997 Hong Kong will pursue "one country, two systems" and "Hong Kong people governing Hong Kong." The provisions of the Basic Law include those on the process of democracy in Hong Kong, and the basic rights and obligations for Hong Kong citizens, and these are the legal safeguards for Hong Kong's democracy and human rights. But those self-styled democracy and human rights fighters turn a blind eye to these facts and the Hong Kong people's fundamental interests. Last year, McConnell proposed a draft resolution on "promoting an increased pace for democracy in Hong Kong" and even claimed to revise the Basic Law. For the moment, let us not talk about how the United States fares with its domestic human rights record, or how it adopts a double-standard on issues of democracy and human rights. Let us talk only about its intervention in the "human rights" of other countries. It has not received any public praise from the international community for going out of its way to meddle in others' affairs. For instance, the "Taiwan Relations Act" formulated by the United States earlier, has led to the growth of the power of the Taiwan independence faction, seriously hurt the national feelings of the Chinese people, and was responsible for the farce of fist-fights in the National Assembly on Taiwan Island and for the phenomenon of settling political disputes on the streets. If the "concern" in the "U.S.-Hong Kong Relations Act" was accepted, it is conceivable that there would be a replay of such a farce in Hong Kong. And no one concerned about Hong Kong's prosperity and stability would like to see that.

Although the "U.S.-Hong Kong Relations Act" is groundless, economically and politically, people should be made aware very early on of the various bad influences to Hong Kong's prosperity and stability which might result from the drafting of such an act by the United States.

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